FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 002 *3 January 1986*

ARGENTINA

Foreign Ministry Issues Communique on Falklands B 1
Caputo To Attend Guatemalan Inauguration B 1
New Industry and Foreign Trade Secretary Sworn In B 2
[BUENOS AIRES HERALD 31 Dec]
Judge Releases Former Agent Guglielminetti B 2
Union Says Nuclear Development in Danger B 3
Briefs: National Medicine Program B 3

BOLIVIA

Chief Says Armed Forces Unified, Obedient C 1
Technical Cooperation Agreement Signed With Spain C 1

BRAZIL

Sarney, Colombia's Betancur To Meet 30 January D 1
Air Force To Buy Renovated Mirages, F-5E's D 1
[O ESTADO DE SAO PAULO 29 Dec]

COLOMBIA

Betancur Gives New Year's Address 1 Jan F 1
Ricardo Franco Front Relieves General Commander F 10
1985 Trade Deficit Higher Than 1984 Deficit F 10
[EL TIEMPO 26 Dec]
FARC Sees Army Harassment, Warns of More Fighting F 12
Briefs: Military Promotions F 12

PARAGUAY

Industry Minister Notes 1985 Economic Developments H 1
[ULTIMA HORA 26 Dec]
Bishop Says Stroessner Regime 'Falling Apart' H 2

PERU

Government Approves Harsh Antikidnapping Law J 1
Court Criticized for Releasing Kidnap Suspects J 1
Shining Path New Year's Eve Attacks Outlined J 2
Former President's Home Fired On J 3
Briefs: New Currency Circulating J 3

URUGUAY

Tupamaro Leaders View Future Political Role K 1

PANAMA

Noriega on Delvalle; Sees No C. America Peace N 1
[LA PRENSA 31 Dec]

CENTRAL AMERICA

EL SALVADOR

Venceremos Statement Views War Situation P 1
Government Reports 1 January Guerrilla Actions P 6

GUATEMALA

Former Secret Police Chief Ambushed, Killed P 7

HONDURAS

Suazo Cordova New Year Address to Nation P 7
Oil Imports Reduced 10 Percent in 1985 P 10
New Movement Reported in National Party P 10

NICARAGUA

Interior Ministry Closes Radio Catolica P 11
Government Censorship of LA PRENSA Criticized P 12
[San Jose LA NACION 21 Dec]
BARRICADA Reviews 1985 Military Actions [30 Dec] P 13
FDN Issues Report [ACAN] P 17

CUBA

Reagan To 'Pressure' Mexico on C. America Stance Q 1
1985 Trade With USSR Totals 7.4 Billion Rubles Q 1
Peruvian Prime Minister Holds Press Conference Q 1
1985 Economic Data Reviewed; Shortfalls Noted Q 1
Central Bank 'Swindle' Shakes Stroessner Regime Q 2

DOMINICAN REPUBLIC

$48-Million Debt With Japan Renegotiated [LISTIN DIARIO 21 Dec] R 1
FRG Ambassador Announces 70-Million Peso Loan [LISTIN DIARIO 24 Dec] R 1

CARIBBEAN

BAHAMAS

Prime Minister Delivers New Year's Message S 1
Government Denies Responsibility for Haitians S 1

ST CHRISTOPHER AND NEVIS

Simmonds Announces Ambassador Appointments S 1

GUYANA

Hoyte Address Warns Against Foreign 'Meddling' T 1

OTHER COUNTRIES

CHILE

Pinochet Reportedly To 'Step Down' in 1989 V 1
Youth Secretariat Office in Valparaiso Bombed V 1

SURINAME

Bouterse Says Netherlands Obstructs Relations V 1

FOREIGN MINISTRY ISSUES COMMUNIQUE ON FALKLANDS

PY022348 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2151 GMT 2 Jan 86

[Text] Buenos Aires, 2 Jan (NA) -- The Argentine Government today again claimed its sovereignty over the Malvinas Islands and other islands in the South Atlantic, and publicly regretted the fact that Great Britain does not show the "necessary political will to try reaching a solution to the conflict as demanded by the organized international community and the majority of public opinion." It also reiterated the Argentine decision to continue making "efforts to find a just and final solution to the conflict, in which the interests of the Islanders will also be taken into account, reaching agreement on the safeguards and guarantees that may be necessary." This position was expressed in a communique released this afternoon by the Foreign Ministry. Tomorrow marks another anniversary of the "illegal occupation of the Malvinas Islands by British Forces." The text of the communique reads as follows:

"On 3 January 1833, 153 years ago, British forces illegally occupied the Malvinas Islands, forcefully evicting the Argentine authorities and dwellers who had settled there. This usurpation has never been recognized by the Argentine Government and people, who since then have claimed sovereignty over the Malvinas, South Georgias, and South Sandwich Islands.

"On this occasion, on reaffirming these sovereign rights, the Argentine Government reiterates its indomitable decision to restore the Republic's territorial integrity through peaceful means and through dialogue with the United Kingdom. It is this firm conviction which inspires the Argentine Government when it accepts, without any type of preconditions, the practically unanimous mandate by the international community given through UN resolutions, particularly Resolution 40-21, urging negotiations to find solutions to pending problems with the United Kingdom, including all aspects related to the future of the Islands.

"Unfortunately, the British Government seems to lack the necessary political will in finding a solution to the conflict as demanded by the organized international community and the majority of public opinion.

"The Argentine Government, for its part, will continue its efforts to find a just and final solution that will take into account the interests of the current inhabitants of the Islands, reaching agreement regarding safeguards and guarantees that may be necessary."

CAPUTO TO ATTEND GUATEMALAN INAUGURATION

PY030230 Buenos Aires TELAM in Spanish 2100 GMT 2 Jan 86

[Text] Buenos Aires, 2 Jan (TELAM) -- It has been officially reported at San Martin Palace that Foreign Minister Dante Caputo will head the Argentine delegation attending the 14 January inauguration of Guatemalan President Vinicio Cerezo. The foreign minister will depart on 10 January, accompanied by Raul Alconada Sempe, under secretary for Latin American affairs, Eduardo Iglesias, director of the Foreign Ministry Central American Department, and Press Secretary Albino Gomez.

Before the inaugural of the Guatemalan president, Caputo will participate, on 10 and 11 January, in the meeting to be held by the Contadora Group in Caracas, Venezuela, with the Support Group. Argentina is a member of the Support Group. It was learned that there is a possibility that the Support Group might joint the Contadora Group at that meeting, in an effort to begin a new stage in peace negotiations for Central America.

NEW INDUSTRY AND FOREIGN TRADE SECRETARY SWORN IN

PY011810 Buenos Aires BUENOS AIRES HERALD in English 31 Dec 85 p 7

[Text] (NA-DYN) -- Peronist economist Roberto Lavagna, after being sworn in yesterday as industry and foreign trade secretary, said that "Radicals, Peronists and technicians" will accompany him in drafting an industrial export policy. Lavagna said he had already chosen his five under-secretaries but refused to reveal their names. Some 50 special projects to promote exports and 20 to 25 projects for large industries will be tackled in January, he added. Lavagna emphasized that high technology will be the favourite child of his secretariat. "Just as in the 1940s economic recovery was mainly the results of agriculture and industry, today we have to add to those, high technology," he said.

In a report published in the monthly INFORME INDUSTRIAL, which came out yesterday, Lavagna proposed an economic model based on: The accumulation of savings and its transfer to productive invesment, stable national foreign accounts, and a distribution of income and job structure acceptable to society.

Outgoing industry and foreign trade secretaries, respectively Nelson Farias Bouvier and Ricardo Campero were present at yesterday's swearing-in ceremony. President Raul Alfonsin last week announced that Lavagna, a co-author of the Austral Plan, would head the fusion of the two secretariats. Three other Peronist economists were appointed to lower-level government posts as well.

But the other economists and Lavagna, who worked under the Economy Ministry during the last Justicialist government, were yesterday the brunt of sharp criticism by the 62 Organizations, the political branch of Peronist unions. "They are not Justicialists," the 62 said in a statement.

Still, Eduardo Setti, a member of the National Justicialist Party council, said none of the four economists should be sanctioned by the party because their actions were "personal decisions."

JUDGE RELEASES FORMER AGENT GUGLIELMINETTI

PY030000 Buenos Aires TELAM in Spanish 2332 GMT 2 Jan 86

[Text] Buenos Aires, 2 Jan (TELAM) -- Trial Judge Juan Carlos Cardinali tonight ordered the release, due to lack of evidence, of former intelligence agent Raul Guglielminetti in the case of the murder of textile businessman Emilio Esteban Naum.

The court decision, issued at 2010 local time, states that investigations will continue and the case is not closed. Guglielminetti, who has no identification card, was taken to police headquarters for documentation before his release.

UNION SAYS NUCLEAR DEVELOPMENT IN DANGER

PY021405 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2055 GMT 1 Jan 86

[Text] Buenos Aires, 1 Jan (NA) -- The ENACE [Argentine Nuclear Enterprise for Electrical Power Plants] trade union has warned that nuclear development in the country "is on the brink of collapse," thus threatening "our capability for making autonomous political decisions." ENACE stated that "budgetary cuts and especially a lack of interest in independent nuclear development are endangering scientific-technical and economic activity in the immediate and long-term future." ENACE added that "these problems, which would be serious in any industry, could have a disastrous effect on areas such as power supply and nuclear plants and on our capability for making autonomous political decisions."

The ENACE union expressed its position in a communique signed by its press secretary, Fernando Bujan.

"The efforts of the Argentine people for over 30 years have yielded results in nuclear development of a magnitude unparalleled by those achieved in any other industry," the ENACE communique stated. In this regard, the communique warned that "a situation now prevails in which everything thus far achieved in production and research facilities, equipment, and training of international caliber scientific-technical personnel is being thrown overboard."

The communique added: "Besides the paralysis affecting the National Commission for Atomic Energy [CNEA], there are 100 percent delays in the third nuclear power plant, Atucha II, the construction of which is the responsibility of ENACE." For ENACE, "this involves nonproductive cost increases for which requests for millions of australes are quickly being processed," according to the communique.

"Low salaries and instability have prompted the departure of workers, whose training has required an investment of many years and much money, to increase at an alarming rate," the communique added. "In the case of ENACE, the workers leaving the country could be replaced by foreign personnel, but at a cost ratio of about 7-to-1 in comparison to domestic personnel."

"The combination of ENACE's business irresponsibility and ENACE and CNEA's dependent and socially insensitive thinking are causing a dismantling of nuclear activities in our fatherland," according to the communique. In keeping with this, the ENACE communique urges "that those who through sabotage or the misery of the workers want to do away with the possibility of achieving independent nuclear development be stopped."

BRIEFS

NATIONAL MEDICINE PROGRAM -- Health Secretary Carlos Canitrot today announced during a press conference that the National Medicine Assistance Program [Programa de Asistencia de Medicamentos -- PAM] is a reality throughout the country. This is a medicine program equivalent to the National Food Program [PAN]. Through the national network of public hospitals, the program provides antibiotics and other medicines free of charge to sick people who are not included in any social or health security system, about 4.5 million inhabitants. The PAM program has thus far spent approximately $3 million, and it will now receive funds from two special taxes: 2 percent on cigarette sales and 2 percent on the sales of commercial medicines. PAM medicines are of the same quality as commercial medicines. [Excerpt] [Buenos Aires Domestic Service in Spanish 1600 GMT 30 Dec 85 PY]

CHIEF SAYS ARMED FORCES UNIFIED, OBEDIENT

PY012144 Madrd EFE in Spanish 1714 GMT 1 Jan 86

[Text] La Paz, 1 Jan (EFE) -- Raul Lopez Leyton, commander in chief of the Armed Forces, said today that in 1986 the Armed Forces will continue its task of consolidating the democratic process. Lopez Leyton said that there is complete unity within the Armed Forces, thus refuting rumors about alleged disagreements over the new assignments issued by President Victor Paz Estenssoro.

The commander of the three branches said that the military have promised to honor and respect the Bolivian Constitution and for that reason will carry out only their specific functions. The new assignments for the Armed Forces were released by the government today.

In a brief wrap-up of the role played by the Armed Forces during 1985, Lopez Leyton stressed that on more than one occasion the military prevented the collapse of the Bolivian democratic process, begun on 10 October 1982 with the installation of Hernan Siles Zuazo.

The military chief said that "the Armed Forces supported the legally constituted government on all occasions, thus recovering the confidence of the citizenry." He concluded by saying that the Armed Forces would continue with this same behavior in 1986.

TECHNICAL COOPERATION AGREEMENT SIGNED WITH SPAIN

PY021456 La Paz Cadena Panamericana in Spanish 1130 GMT 2 Jan 86

[Text] A bilateral agreement between the Spanish and Bolivian Governments for international technical cooperation in the social and labor areas has been signed. This agreement, signed by Bolivian Foreign Minister Gaston Araoz Levy and Spanish Ambassador to Bolivia Tomas Lozano Escribano, is part of the 15 February 1966 basic agreement for Spanish-Bolivian scientific-technical cooperation.

This agreement will establish the framework in which the projects will be developed in the future. Spain will send experts to carry out the activities, programs, and [words indistinct]. The Spanish Government will also grant scholarships to the Bolivian counterparts of the Spanish experts and to the managers of the organizations that will participate in the projects.

Minister Gaston Araoz and Ambassador Tomas Lozano said that this agreement strengthens the ties of friendship that unite the two countries.

SARNEY, COLOMBIA'S BETANCUR TO MEET 30 JANUARY

PY021205 Madrid EFE in Spanish 1246 GMT 1 Jan 86

[Text] Brasilia, 1 Jan (EFE) -- Official Brazilian sources have confirmed to EFE that extremist subversion and drug trafficking will be the main issues to be discussed during scheduled talks between Brazilian President Jose Sarney and Colombian President Belisario Betancur. The sources also confirmed that the presidential meeting will be held on 30 January in the Brazilian town of Tabatinga, in the western most part of Amazonas state on the Colombian border.

The sources queried by EFE added that the two presidents will hold a 1-day meeting to review issues of bilateral interest and to formulate solutions. According to the same sources, which are familiar with presidential issues, some Brazilian militarymen are concerned about an eventual expansion of activities by Colombian guerrilla groups, especially on the part of the so-called M-19 [19 April Movement].

In November special Army and Navy units under the command of the newly-created Amazonas Military District carried out joint maneuvers on the Colombian border, along the Salimones River. High-ranking Justice Ministry officials in Brasilia have admitted that they are concerned about the rapid growth of drug trafficking in recent years.

According to data available in Brasilia, the so-called Colombian connection has contributed to the expansion of illegal cocaine trafficking in Brasil. In October federal police units destroyed nearly 1 million square meters of epadu cultivation in the Amazon area. Epadu is a plant that is used as a substitute for coca in the manufacture of cocaine.

AIR FORCE TO BUY RENOVATED MIRAGES, F-5E'S

PY012214 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Dec 85 p 5

[Excerpts] The 31 used supersonic Mirage III-E and F-5E fighters which the Air Force Ministry will buy to increase the attack and defense capacity of the Brazilian Air Force [FAB] will be purchased from suppliers who can remodel them to such an extent that they may be considered "new" at the time of delivery. The modernization process, which includes the remodeling of motors, electronic systems, firing controls, radar, and computers will also extend to the planes already in the FAB fleet. Various countries have already sent formal proposals to Minister Moreira Lima's cabinet. Three of these countries have what a brigadier of the Air General Command termed as "appealing": France, Israel, and South Korea. [sentence as published]

The planes (at first 26 F-5E and 6 Mirage III-E) are basically earmarked to make up the specialized squadrons of the "net" covered by the Center of Air Defense and Traffic Control -- Cindacta -- presently serving all the south-southeast region of the country, with bases in Brasilia and Curitiba. The FAB, which has been handicapped for the last 12 years in relation to its real needs, uses Mirage interceptors from Anapolis, near the Federal District, while the F-5E's take off from the Santa Cruz airbase in Rio de Janeiro.

From the operational standpoint, the incorporation of the fighters to the body of attack planes of the Brazilian Air Force is an intelligent way of buying time until the first AMX subsonic tactical fighters come off the production lines of the Brazilian Aeronautics Company (Embraer), between 1988 and 1992. At that time the first Brazilian supersonic plane will be in the manufacturing stage.

BETANCUR GIVES NEW YEAR'S ADDRESS 1 JAN

PA021807 Bogota Domestic Service in Spanish 0307 GMT 2 Jan 86

[Speech given by President Belisario Betancur on 1 January; place not specified -- live]

[Text] Good evening, fellow countrymen: Allow me a few minutes of your time. Considering that this is the last New Year's I will address you as president, I want to do so with all the respect, fondness, and gratitude that has guided me to fulfill in the past 3 long years the commitment I made with our fatherland in assuming the leadership of the government in 1982. A custom, which is as ancient as mankind itself, makes us set goals or pause to meditate at the end of every year.

It is a moving mystery why our ancestors -- and even we ourselves -- give exceptional significance to that time between the last day of the old year, last night, and today, the first of the new year. Although there is such a brief lapse of time between them, at the same time we experience, nevertheless, a sentiment of both loss and renewal: The loss of all those who are gone forever; and renewal because in 1985 we taught nearly 1.5 million Colombians to read and write, we have enrolled over 60,000 young people in televised university courses, we vaccinated practically all our children against five ailments -- polio, measles, tetanus, whooping cough, and diptheria, and we will fulfill our objective to build and distribute 400,000 new houses in the 1982-86 period.

On 31 December we looked back. Today we look ahead. If this happens with persons and families, it also happens with that big family which is a nation. It is the time of balances and purposes, in which the government, as well as people, must think and reconsider the course of their actions. The president must do so in front of you, the people who elected him -- voting for or against him -- with a steady hand at the helm to direct this beautiful nation, Colombia, which we have molded in both good and bad times. The bad times, God willing, have passed on.

This past year was certainly filled with contradictory incidents, most of them adverse, and a few favorable. Such is life. We must accept our bad moments as a challenge of time, as steps in the hard task of forging our national character. As our national anthem says, this is how our fatherland is made, by overcoming adversity in our daily struggle. We must repeat this over and over to ourselves, now more than ever, being so near to that dreadful December and November, which in no way resemble our past, filled with pride, as we saw again at Ciudad Perdida, in Sierra Nevada last Sunday.

Our ancestors were very wise, according to our national literature, because they met often to hold a dialogue with their own hearts. Let us do the same now, for a while. Let us begin by telling ourselves that as we start the new year, we shall carry deep in our souls the image of those who shall no longer be with us -- some taken by man's wrongdoings, others by nature's blindness. To make that image ever present, our nation has risen with new force, restored by a unanimous firm voice of solidarity, which impels us to work very hard and not to lose the pace or path of our actions.

We must learn something from all our past tragedies. For example, as I followed the debates of the congress on the occupation of the Justice Palace by terrorists, and on the Nevado del Ruiz, and while the peace process was questioned, I noticed the true national unity, derived from the analyses, language, common patriotic purposes, each coming from individual viewpoints, as is natural.

When talking about the great national issues, one could note the similarity of the proposals made by the representatives of the two historic parties, as well as some of the proposals of the communist representative. This similarity of intentions was also noted in the business sector. We remember in November when the business leaders in Antioquia said that today, more than ever, we must look for new ways to achieve as soon as possible a stable peace that will guarantee the life, dignity, and welfare of our citizens, and which respects the basic outlines of our civilized republican society. And they offered their unity and cooperation in promoting the reforms, changes, and rectifications that may be required, based on the fact that these must be sought through peaceful, democratic means, never again through violence.

At the same time, the Cauca businessmen added that our destiny as a free society depends on the pacification of the spirit and the reconstruction of an authentic scale of values. Today, more than ever, we must seek new ways that permit us to reach, in the shortest time possible, a stable peace that will guarantee the life, dignity, and welfare of our citizens, respecting the basic outlines of our civilized, democratic society.

We are willing to lend our assistance and cooperation to bring about the reforms, changes, and rectifications that may be needed, on the premise that these must be advanced through peaceful and democratic means and never, never again through the use of force or violence. Businessmen have echoed this belief. Indeed they have. The country must take advantage of this concurrence in the evaluation of, and even in the method to resolve, the nation's problems in order to continue offering solutions like those that arose during the past legislature. The legislature gave the people -- all of you -- the option to choose as of 1988 your mayors in the same way that you elect your president and the members of the legislature. The implications of this decision by the Congress -- reached after 3 years during which we had to seriously deliberate on its importance and repercussions -- will touch your daily lives and the way in which you exercise democracy. If you take an interest in electing your most immediate leaders, your mayors, the Colombian people will undoubtedly become more enthusiastic about elections in general, and the electoral campaigns themselves will be more representative.

The Congress took another, extremely important step toward decentralization. This was giving to municipalities a greater share of participation in the products of the IVA [value added] tax. This will increase municipalities' capacity, modernize them, and free the central government from certain responsibilities, thereby allowing it to devote itself more to national concerns.

Don't worry. I will make every effort to be brief in order not to give you a hard time or spoil the well-deserved rest you need after the hectic year you have all had. Moreover, we decided -- Inravision [National Radio and Television Institute] decided -- that this address would only broadcast over one channel instead of simultaneously via the two channels so that you may change the channel if you wish. Also, I will not lapse into expressing nostalgia for power as I near the end of my term. Arriving at this position and then leaving it again is a rule of the game that is established in the Constitution. I say this in the spirit of the democratic glee that I feel because I will preside over pure, impartial elections during which you will be able to freely choose your leaders for the next 4 years. We will discuss this subject further during this address.

New year, new life, the saying goes. However, when we repeat it we seldom stop to think whether that which is new will be good or bad. By nature I am optimistic, but even so I have learned to combine optimism with realism by measuring hopes against figures and statistical data. For example, a year ago economic indicators painted a grim picture despite your efforts and those by your government to overcome the fiscal and institutional crises.

We had to come to terms with five major imbalances without being able to resolve the relative stagnation resulting from recession that began in 1980 and made us weak and vulnerable. These imbalances were: the imbalance in the foreign sector, the fiscal deficit, and the new waves of inflation, unemployment, and the financial crisis. Naturally, all of these problems worked against the well-being of Colombians, their standard of living, and their good supply. Let us review these problems to understand the paths that we took to resolve them, to see what we did or failed to do and what is left to be done.

First was the imbalance in the foreign sector, which showed how harsh the rules of the game become in times of a world crisis that has been implacable against the weak. These were the symptoms: diminishing international reserves that threatened to continue falling; a freeze on fresh foreign credit, and an unrealistic rate of exchange that artificially maintained the Colombian peso at a level we believed it had, but did not. This hurt our exports significantly. We have returned the peso to its real value. This will allow us to place our products -- those products made with the work and effort of Colombians -- on foreign markets on better terms.

The second imbalance was the fiscal deficit. In late 1984 the deficit of the central government and the autonomous government agencies took a 7.4 percent toll on our gross national product. This was dangerous. Then in November 1984 a new inflationary wave began to crest. We had weather problems. Do you remember the serious floods caused by the Magdalena River? The damaged crops reduced the food supply, and the price of food began to rise. Keep in mind also the floods in the southern Atlantic area.

A third problem was unemployment. We thought that industrial growth would remedy the paralysis and unemployment -- close to (?400,000) new jobs had been opened in 3 years. However, in December 1984 we began to notice that instead of decresing, unemployment was increasing at a disquieting pace. Why? Because new groups of people whom we had not taken into account in our estimates were beginning to enter the labor force. This included women, who until then had been kept from seeking work or shielded from work to a large extent by machismo.

To complete the picture, the country's financial situation was extremely serious and showed no signs of recovery despite all the attempts to improve it, and despite the fact that several government institutions overcame the crisis by absorbing the effects of the recession through classifying losses as hard-to-collect debts. There was also the problem of high interest rates and the generalized lack of liquidity. No one had money.

Three years later let us look at what we did and at the formidable results we obtained. Allow us to point out that the following explanation is not intended as praise for this government, but that it is being said because it happened, and because serious international organizations that cannot be fooled and are extremely rigorous in their analyses have acknowledged this. We are aware that neither they nor you can be deceived. Here is how it happened.

We knew that the country was importing more than it was exporting, and that we could carry the imbalance for a time because we were receiving abundant credit from abroad that allowed us to pay the difference between our imports and exports. However, when Mexico, Brazil, and Argentina -- among others -- stopped paying their debts because they could not pay them, the international commercial banks stopped lending us money. Then, in order to pay the difference between imports and exports we had to resort to the international reserves that the past administration had left at a relatively high level. Consequently, those reserves began to plummet.

We faced the danger of depleting them and of having none left to buy food, pharmaceuticals, and raw materials that we do not produce, but which we need to maintain adequate health and employment levels. That is why we had to cut down on imports. We began by eliminating imports of luxury items.

We had to stimulate exports and accelerate devaluation in order to reduce imports and increase exports. Summing up, in 1982 the balance of payments' current account deficit was nearly $3 billion, but during 1985 we have reduced this deficit to $1.3 billion. In addition, we overcame the international banks' reluctance and succeeded in inspiring them with confidence so that 248 of them reached an agreement and gathered $1 billion in a so-called jumbo [preceding word in English] loan. This name is due to the unsually large size of the loan. As you already know, we have already signed the documents for this loan. We expect to get the first $515 million during the next few weeks. This is the first fresh loan -- that is to say, of new resources -- to Latin America since the crisis began 2 years ago. This confirms how well we have handled our economy. We did not commit the country excessively, as other Latin American countries did. We did this well within our reasonable ability to pay back such a loan.

Our success has been remarkable. Just think, we had thought that with these efforts and those $515 million, our reserves would only be reduced by a loss of about $75 million in 1985. In reality, we not only prevented this reduction, but we increased our reserves by nearly $200 million. Now our reserves have reached more than $2 billion, and this is before we have received the $515 million loan. Another very important achievement is that we have corrected our bank arrears of nearly a decade. As a result of this correction, we have at our disposal a real exchange rate, so many pesos to the dollar. This rate makes our exports and national production highly competitive. In addition, this rate allows us to reduce our currency devaluation. We will also lower our interest rate through a decree.

We had fiscal problems because for many years the government spent more than what it received in taxes and credits. In order to pay the difference and not completely disappoint hospitals, public employees, pensioners, and public works contractors, we had to resort to the Bank of the Republic's resources. But this hurts, makes prices go up, hurts workers, depositors, and pensioners, and lowers our reserves. This is why we had to raise taxes and tariffs and tighten our belts by reducing our expenses. As you know, in 1985 we only raised the public employees' salaries by an average of 10 percent. This year, however, their salaries will be raised by an average of more than 20 percent, more than double their previous salaries. Investments increased slightly although, of course, not as much as we would have liked.

Also in the fiscal sector, your efforts have been fruitful. Government revenues increased 41 percent, while government expenses increased only 21 percent. Regarding effective operations, we reduced their deficit 2.9 percent. The decentralized securities deficit, which had been 2.9 percent, was reduced to 2.2 percent. This year we will reduce it to 2.0 percent. We also reduced the administration's consolidated deficit to 5.1 percent. We still have deficits and arrears. However, in 1986 these will become proportionately less than in 1985, and, of course, we will use the Bank of the Republic's resources less in 1986. These achievements occurred due to your efforts. For this we will have more imports and exports, increased job opportunities, and higher income for you. If there is not too much frost (referring to the coffee crop) and we succeed in implementing the currency control I will describe later, prices will not be increased in 1986 more than they were in 1985, when they rose 22.14 percent, according to DANE [National Administrative Department of Statistics] figures released yesterday. This department's union is not precisely formed by friends of this government.

Then, all this means that we are keeping the ghost of inflation at bay.

Moreover, we have received an unexpected bonanza, although unfortunately at the expense of Brazil. This bonanza increases the progress achieved through our efforts in 1986... [corrects himself] in previous years. In 1986, we will get for our coffee exports approximately $3 billion. That is, just about twice the amount we had forecast a few months ago.

There are some who say that the Virgin has appeared before us. Nobody on the economic team, not even I, feel that a coffee bonanza is a tragedy. All of us view it as an opportunity which, if used wisely and imaginatively, may solve some of our country's more serious problems, such as the ones in Armero, Chinchina, or (Yorobia), Canti, in Choco, which I visited yesterday, 31 December. However, we must be wary. If we allow all the pesos from the increased sales to circulate, prices will shoot up, bringing great damage chiefly to those who do not produce coffee. We must exercise caution so as not to fall into the temptation of importing goods that our industrialists and farmers may very well produce and that generate jobs, and so as not to import luxury items. We must exercise prudence so as not to allow the peso to become overvalued again.

We must exercise prudence and not start planting more coffee, because when the boom ends and consumption drops, coffee producers would then face bankruptcy. As the saying goes: You have to pay the piper. Manuel Mejia, Mr Coffee, [preceding 2 words in English] has warned: What goes up must come down. For that reason, I have addressed the chiefs of coffee producing and consuming countries to try to save the London coffee accord for your sake.

As I told you, this boom calls for imagination as legal and economic instruments have not been designed to face such great and abrupt changes in the amount of dollars and pesos the country is going to receive. This is an economic emergency, but a good one. We will know how to take advantage of it, taking good care of these unexpected resources, and taking good care of those dollars.

Outside those basic considerations for asking for prudence, there are other deeper and harsher considerations. Let's see. Paradoxically, a coffee boom poses a challenge to the economy. Why? Lessons from past experience have taught us that a real exchange rate is good for the country; so many pesos for so many dollars, a real exchange rate ensuring a strong and stable position, so as to avoid...[changes thought] so that the next government may avoid serious problems. The gradual reopening to exports must be done on a selective basis, granting priority to technological innovations, the internal integration of the productive sectors, the overhaul of machinery, and not letting us become dizzy with the lure of luxury imports. Instead, a substantial increase in our production capabilities will pave the way for generating more new jobs. Also, we must take advantage of the situation to activate rural and urban activities, ending unfair and harmful discrimination. If we do this correctly we will be able, for example, to control the problems of food shortages in urban centers, of keeping rural depopulation at its lowest, and of reducing the ensuing anarchic and very costly growth of cities.

We can also use this boom to help public service companies pay their debts, because as a result of the devaluation they had to raise their fares. So if we help them pay the interest on their loans they would have to raise their fares so much as their financial situation improves. Therefore, everything is done for the good of all of you, instead of importing champagne for a few people.

Before handing power over to my successor on 7 August, I hope to expand the cleaning up and democratization of the general financial system. As you know, this sector is experiencing great problems. However, we have been able to keep savers and creditors of financial institutions from losing their money. Congress created the Guarantee Fund to resolve this problem.

On another matter, by giving good compensation to employers and employees, or by helping them earn a little more, we would have to moderately adjust the price of gas. This way, Ecopetrol [Colombian Petroleum Enterprise] which belongs to all of you, may be able to pay for the expenses involved in discovering new oil wells. The very good oil wells that have been discovered may dry up by 1995, that is, in 9 or 10 years. Also, it may help provide the resources needed to rebuild Armero and Chinchina, as well as the Justice Palace. The Congress authorized the redistribution of oil revenues to pay the expenditures incurred in these catastrophes. Well, the handling of revenues from the boom poses one of the great challenges for 1986.

Listen, since we have practically organized our economy, we will have more jobs, hospitals, houses, and education; and if we add the extraordinary revenues we have begun to receive to this organization in our economy, we are not merely wishing something, we are stating a fact. The way things are now, with the coffee revenues, the export of fuel and coal, the revenues in dollars will double in the year 1986. The The country will be richer. My successor will not have to suffer for lack of foreign exchange.

Once a great part of the external sector is organized and the fiscal deficit is resolved, we will have very clear solutions for our unemployment, which decreased in December from 13.1 percent to 12.9 percent in seven cities. Consequently, the unemployment level has begun to go down and production levels have risen.

Seeing all this, the president could very well be patting himself on the back and saying: My turn has finally come after having such a difficult time! We are going to spend some money and I will be praised for this! However, this is not how things are done when one is responsible for a country, not only now but also in the future, because the responsibility extends beyond a 4-year term. It is not necessary to defend the government's image but to guarantee your present and future, because you are the homeland and the love for our homeland is not measured in 4-year terms.

I said this to the congress when it concluded its sessions and I want to state it in front of you. Those who are thinking they will have a party should forget about it. We will invest, hear me well, invest only in what is absolutely necessary for our development. We will not squander the money thoughtlessly. I know you understand me and, therefore, agree that it would not be wise to squander the money. We will invest it in schools, hospitals, highways, aqueducts, and jobs. It will be used to produce more, create more jobs, and renew our agricultural and industrial machinery so that we may have more food and more jobs, many jobs.

Well you can clearly see how positive it is to project... [corrects himself] to plan serious things with available resources. See how the situation changes. Remember that I tried to face adversity with courage throughout my term. I said: Do not worry about money because we do not have it; so use your imagination. Well, as of this new year, things will be different, and when I have left, the new government will do a great job to benefit us all -- but all of you must help -- because we will leave enough resources. There are those who will ask: Why does Belisario worry so much about his successor? Let the other one worry! Well, no, we will not do this. This is your house; this is your life; and life must go on. We must prepare for the future now. We do not seek praise for the government. I feel enthusiastic when I think about the example of seriousness we are giving and will continue to give. Our visitors will see us become more respectable, more in control of our future. All this is for us, only for us. One of the visitors will be none other than His Holiness Pope John Paul II, who will be in Colombia the first week of July. He will join us in an act of spirituality and solidarity for which we, his Colombian followers, feel grateful.

We are going to welcome him with devotion and pride.

Well, we will complement all this by continuing our peace process. If everyone lowers his fist -- because there is a lot to be gained and much to lose -- we will eliminate the last bitter gesture in our homeland's face. Let us not give in to pessimism, let us cast it aside and open our future to a policy of peace. This cannot be achieved by the government alone; it must be achieved by all the Colombians, rich or poor, all of you, without exception. I say this sincerely and with the firmness derived from the knowledge that we have rejected the slightest idea about repression, because this only generates more violence. You do not need violence when you have the necessary means and the will to enforce the law as such, not twisted by interests and whims. Therefore, we will continue with the policy of peace. We will continue to seek peace, here in our country and in Central America. We will continue to offer our hand to those who want to accept it, always based on strict adherence to our Constitution and laws, because we are all brothers.

I would like to underscore certain current events about our role on the international level. We advocated, as you well know, the reform and strengthening of the OAS because Colombia has always defended pan-Americanism and all the political parties have advocated this without exception. We proposed a special OAS General Assembly in Cartagena de Indias and on 5 December the protocol which bears Cartagena's name was approved there. The protocol emphasizes changes in the OAS Charter concerning its universal character, pluralism, democracy, self-determination, defense of human rights, and strengthening of the secretary general's role. Thus, he will be able to handle the conflicts that occasionally... [corrects himself] chronically arise on the continent and, of course, we will continue -- day and night -- to seek peace through Contadora, which is our own peace.

The economic and commercial role that the OAS should play as a forum for dialogue in any confrontation between brothers was reaffirmed. The improvement of mechanisms to seek peaceful solutions aims to achieve that objective. Without exception, the American community has concurred on the importance of this meeting and the significant role played by Colombia in the success of this meeting, which is the aspiration of the hemisphere.

I wish to take advantage of this opportunity to publicly thank the brilliant Colombian delegation, which is made up of members of all political sectors, for its intelligent participation.

On the international level, we also thoroughly discussed, without reservations, the problem of terrorism and the war that is shaking the entire world. The European, Latin American, and Central American communities, without exception, even the Contadora countries, expressly condemned the terrorist action at the Palace of Justice in Bogota. In addition, and in reply to a Colombian request, the United Nations and the OAS unanimously approved the most drastic condemnation of terrorism and the sacrifice of innocent lives.

Regardless of what the justification to carry them out might be or who the perpetrators happen to be, henceforth, without exception, both the East and West condemns these kinds of actions and will carry out an all-out war against them as if they were international crimes, much like the fight being waged against narcotics.

Compatriots, this is a marvelous opportunity for all of us to carry out a great historic task comparable to what was done by those romantic, active, and pioneering men who gave us our independence. Not long ago, someone asked me whether I thought we Colombians are capable of performing those tasks, and I say yes to that, that I am sure of that, that those things that a country like ours needs and wishes to achieve will actually come about.

History will show that we are capable of determining our own destiny. Someone said that the French needed miracles and they made them.

One of my obsessions has been to encourage communities, to encourage them to carry out tasks for their own benefit in their neighborhoods, streets, and community centers. We must of course supply the resources, but they should carry out needed projects themselves, because nothing is more valued than what we accomplish with our own efforts. We will continue to defend this principle; it is good to create awareness in the people that they can do a lot for themselves and resolve problems by themselves without having to depend on organizations to do things for them. This generates confidence within the communities. It generates independence, simplifies bureaucracy, eliminates conformism and that attitude of simply waiting for things to happen; and eliminates misinterpretation of the word 'resignation,' which works against progress and development.

I have said this many times, and I repeat it now, that the government does not exist to replace society but to coordinate its effort to rationalize and make the work of that community more efficient by maintaining streets and parks and by helping them to help themselves and help them determine their own fate.

Recently, we realized that the government should only be an efficient instrument to coordinate the efforts of society, of the community. How moving and comforting were those efforts. Nobody in our country said that that was a government problem; everyone faced the catastrophe as a personal problem. Everyone helped to save their brothers, who were hit by misfortune.

We saw a country that did not sleep because each person was committed to serving his country. That ennobled and dignified all of us: those courageous members of rescue brigades; those Red Cross first aid volunteers; those civil defense volunteers; those doctors and nurses who stayed awake until the point of exhaustion to offer unpostponeable assistance to the victims that I saw everywhere on the disaster site; those journalists, who going beyond their normal mission to report, became the link of so many rescue and support missions. In our eyes, they appeared as they conscience of the country itself, guarding and helping unrelentlessly. That is an example of an enterprising and creative people.

What an example was established by our Armed Forces! In the two most serious moments in our history that were strange and paradoxical occurrences of destiny, only days between each other, our Armed Forces assumed their duty to defend the community, reestablish order, and permanently face the greatest dangers.

I hope that this pride will illuminate their lives, and that this satisfaction will accompany them in trying moments and fill them with strength and confidence. I hope that the God that has seen it all and knows it all will reward them with the best of gifts.

This humble Colombian, who is now temporarily leading the government, thanks you on behalf of all your compatriots. Let us maintain this solidarity not only in the face of unusual tragedies, but also to fight poverty, hunger, unemployment, illiteracy, and a lack of security to strengthen unity among us, to help ourselves even more.

By the way, the Resurgence Committee is already carrying out its duty. The emergency legislation we have decreed allows it to operate with agility. People with clear and apostolic minds have joined the Resurgence Committee.

We have already initiated reconstruction of the affected areas. We will turn them into regional development poles. We will rebuild not only materially, but also spiritually and humanely.

Tolima, Caldas, the whole of Colombia will demonstrate how much they can do.

Fellow countrymen, there is a saying that goes like this: new year, new life. This can be applied to the year that begins now. Let's speak of elections again and clearly. You know that it is just as essential to govern well as to ensure a pure succession. And this is how it will be because we will not be witnessing a common event. This is no more and no less than the renovation of the 9 March and 25 May election mandate. Freely and fully independently you will elect new deputies and a new president for another 4-year term. Hence the importance of the elections. An extensive reorganization of public power is dependent on these elections, specifically the legislative and executive branches and indirectly the control agencies. Of course, this does not include the judicial branch, which is autonomous.

Our duty is to cast our votes for whomever we want and for whomever you freely want. Mark my words: Nothing will turn aside the government or leader or any official, be he high- or low-ranking. This shows our loyalty and devotion to Colombia. If I have been unbending in the past with trifling confusions, this time we will be relentless with the least mistake. We will be carefully vigilant in even the farthest village to guarantee freedom and impartiality for all. Let those who are planning to intimidate others beware. We will be inflexible. Nothing will be more satisfactory for me as president than seeing democracy attain the highest percentage of votes in the history of Colombia during the March and May elections. The candidates are excellent. I greet them with admiration and respect.

Fellow countrymen, years will pass -- and I hope centuries and millenia will also pass -- before the country must again experience so tragic a month as November. It was my duty to face this serenely and responsibly. This was possible thanks to the support of most Colombians and the international solidarity so firmly expressed. I don't want my homeland or any other president or country to suffer such a trial. For just one moment, the sky and earth appeared to have been united, as in the Judgement Day prophecies. However, here we are so Colombia can go forward with the conviction and hope that grief cannot be everlasting. We are moving forward and the country must go forward, although it is true that mankind's destiny is to progress through suffering, as President Marco Fidel Suarez expressed so beautifully.

I will hand over power to my successor on 7 August with a clean conscience for having done my duty. I will hand over power as our best homage to a Constitution that will be 100 years old on 5 August, a Constitution that was also endowed 50 years ago with far-reaching and just amendments. This Constitution expresses our obsession with peace, freedom, order, and justice, ideals that will not come to an end with the completion of a government's term.

According to this Constitution, the emergency that we had decreed to take care of those affected by the tragedies ended on Sunday, 29 December. We reported on this to the Supreme Court of Justice on Monday, 30 December, and will also report to the Congress by the middle of January. The opportunity to request pardon ended yesterday, 31 December. Many asked for it. Praise be to the peace that we will go on seeking.

The kingdom of spirit is broad and infinite. Power is temporary. Once I have completed my service to the homeland, I will devote my time to teaching, books, and this homeland. No candidacies for me. Enough is enough.

Our homeland will continue its sure progress upward because it is supported by a great and good people, as you have always demonstrated, particularly as of late. Each of you is a part of this homeland. For you, I will go on working tirelessly.

The year 1986 will be an excellent one, God and nature permitting, thanks to the adjustment efforts that you carried out and the coming bonanza. There will be more jobs, more income, and higher salaries, and it will be easier to export and import. There will also be more public and private investments, more schools, hospitals, and highways. I am glad to think that I will turn over to the next government a country with a strength and solidity that none of the Latin American giants possesses. Fellow countrymen, let The Almighty give us peace and good fortune in the year that has now begun. Let God accompany you all. Good night and happy new year.

RICARDO FRANCO FRONT RELIEVES GENERAL COMMANDER

PA271556 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 27 Dec 85

[Text] Bogota -- Javier Delgado, the top leader of the FARC [Revolutionary Armed Forces of Colombia] splinter group Ricardo Franco, has been relieved of his command and notified that he will be tried for torture and homicide.

As one of the worst crises affecting subversion became known, it was reported that Delgado led the killing in Tacueyo, in an apparent effort to identify troops infiltrated into the guerrillas movement.

Omar Gonzalez, the second in command, has already assumed general leadership of the Ricardo Franco group. It was said that Delgado knew about the infiltration of troops and detained them. Through torture he forced them to point to those who allowed them to join and remain in the guerrilla movement. This is how more than 100 people were killed in Cauca Department.

The new leadership disclosed that Delgado will be court-martialed and tried for arbitrary detentions, torture, homicide, and the false use of names of leaders and members of the subversive group's secretariat.

1985 TRADE DEFICIT HIGHER THAN 1984 DEFICIT

PA312220 Bogota EL TIEMPO in Spanish 26 Dec 85 pp 1 A, 5 C

[By Jose Suarez]

[Text] A comprehensive evaluation of the 1985 Colombian foreign trade sector shows a deficit higher than the one in 1984, which indicates that the country continues to import more than what it exports despite the import restrictions caused by the drop in the international reserves.

An Incomex [Colombian Foreign Trade Institute] document discussed by the Foreign Trade Executive Board in its most recent session states that total exports until November amounted to $2.989 billion, while total imports were $4.099 billion, creating a deficit in the trade balance of $1.110 billion. This figure is 21 percent higher than the deficit for the same period in 1984, which was $918 million.

However, the government states in the Incomex study that this deficit is not reflected in the exchange balance because it does not involve an imbalance in the flow of foreign exchange.

When limiting the figures to the value of the exports with replenishment (which brings in foreign exchange) and the imports with reimbursements (which demand an outflow of foreign exchange), the trade balance is positive.

Up until November, the surplus was $152 million, 237.8 percent higher than the surplus for the same period in 1984, which was $45 million.

This last result is presented by the government as its greatest achievement in the management of the country's trade policies, the rationalization of imports and a strengthening of exports. It is also reflected in the recovery of the international reserves, which surpassed $2 billion in November, according to a report from the Banco de la Republica.

Drop in Prices

For the government the achievements that were obtained in the trade sector would have been higher if the almost generalized drop in the prices of the basic export products had not occurred.

The document states that because of this reason, the country will not receive additional income for $115 million this year as the prices registered in 1984 for these products did not hold up. If a comparison is made with 1981 prices, the official estimate of the income not received by Colombia during 1985 is some $350 million.

The government emphasizes the increase in the volume of Colombian exports (71.7 percent), compared to the tonnage registered in 1984, which is much higher than the registered increase in their value.

To illustrate this, it states that excluding coal, whose volume has increased considerably from a relatively low figure, it is observed that the volume of small exports show a 15.3 percent increase during the year, while the increase in value has been only 11.1 percent. "This confirms the trend already reported to the executive board in relations to the drop in the export prices of a large number of Colombian products," the report states, adding that "it can be estimated that the increase in the value of small exports in 1985 would have been 28.0 percent if the 1984 prices had been maintained."

In terms of volume, the agriculture and livestock sector shows increases that are higher than the increase in value of export items such as flowers, sugar, cotton, short fibers, black tobacco and shrimp. In the mining sector the increase is also higher in volume than in value and in the industrial sector, the situation is the same for food and beverages, textiles and fibers, the chemical industry, and nonmetallic minerals.

Conquering the Markets

The report highlights the conquest and recovery of the traditional markets for Colombian products. In general terms, there was a 24.7 percent increase in exports to the EEC countries. If coal, which is exported from El Correjon Norte, is excluded, there is only a 3.1 percent increase in exports to the EEC countries, and this increase is adversely affected by the high value of the dollar vis-a-vis the European currencies.

There is a 24.7 percent recovery for exports to the Andean Group countries, and the countries that are mainly contributing to this trend are Venezuela and Peru. In the case of Venezuela, there has been a recovery in the market for clothing, leather and wood manufactured goods, short fiber cotton, and nitrogenated fertilizers.

There is a slight 6.1 percent increase in exports to the United States as a result of the sale of coal, cement, and polymers. In contrast, trade with Japan shows a 5 percent drop and the most affected products are sugar and nickel-iron.

FARC SEES ARMY HARASSMENT, WARNS OF MORE FIGHTING

PA300400 Bogota Television Service in Spanish 0100 GMT 30 Dec 85

[Text] In a New Year's message today, the FARC [Revolutionary Armed Forces of Colombia] joint staff warned that it might ignore the La Uribe accords. The guerrillas claim the Army has harassed them. At this time, the Peace Commission is trying to get to the La Uribe camp.

Some time ago, the last meeting of the Peace Commission and the FARC leaders was held, and a new round of talks was then agreed upon to define the terms of the ceasefire extension or test period that ended on 1 December. This meeting has not been held despite efforts during the past 3 days. FARC leaders said today that if what they term provocations continue, they will be forced into armed struggle again. This statement is included in the guerrilla organization's New Year's greeting.

A very powerful bomb exploded today near Medellin's 4th Infantry Brigade killing one.

Also today, Cali metropolitan police detained an M-19 [19 April Movement] leader and three members in Yumbo. A consolidated Defense Ministry report indicated today that 140 Armed Forces members died in combat or as the result of M-19 ambushes this year.

Finally, former President Misael Pastrana Borrero said the Colombian guerrillas have changed the image they had succeeded in getting through the peace process and have now become a strange and disturbing organization.

BRIEFS

MILITARY PROMOTIONS -- Major General Armando Arias Cabrales will become inspector general of the military forces and Major General Enrique Murillo Alvarez has retired from the Air Force. Major General Luis Eduardo Andrade Anaya will request a discharge from the Army as soon as he returns to Colombia from the Inter-American Defense Board. The Air Force will have two new brigadier generals beginning in December. They are Mario Alfonso Pineda Gallo and Tiberio Rengifo Mercado. Lieutenant Colonel Guillermo Zuniga Cabrera was promoted to Colonel. [Excerpts] [Bogota EL ESPECTADOR in Spanish 19 Dec 85 p 13a PA]

INDUSTRY MINISTER NOTES 1985 ECONOMIC DEVELOPMENTS

PY271646 Asuncion ULTIMA HORA in Spanish 26 Dec 85 p 11

[Text] In a review of the economy for 1985 that he made this morning during a press conference, Industry and Commerce Minister Delfin Urgarte Centurion stated: "Inflation is under control in Paraguay, and it is estimated that it will reach 25 percent this year." In overall terms, "Paraguay's economy has developed satisfactorily," he explained, and it is estimated that there will be a 4-percent growth rate this year, an increase compared to 1984, when there was a 3-percent growth rate.

He said that the inflation rate is "similar to that of last year," adding that "it is difficult to avoid." He indicated that clothing sectors and sundry expenses contributed most to the increase in inflation.

Ugarte said that among "the year's most important events" are record production of several crops in the agricultural sector; self-sufficiency in wheat production; 4.5-percent growth in the GDP of the industrial sector; the opening of the new cement plant; the new stage of Petropar [Paraguay Petroleum Enterprise]; the export of several non-traditional products; and the satisfactory influx of tourists (258,000 persons who spent more than $77 million in the country).

He then mentioned the "control of inflation and unemployment rates at prudent levels" (inflation 25 percent and unemployment 8.3 percent); the 9.2-percent increase in the generation of electricity; the progress in rural electrification, which this year already serves 194 localities; the increase in exports and the reduction of imports; the paving of roads; the progress in the construction of bridges; the construction of hospitals; etc.

When it was pointed out to him that during the last assembly of the Paraguayan Production, Industry, and Commerce Federation, the private sector painted a picture different from his -- they spoke about difficulties in almost all sectors of the economy -- the minster answered: "Businessmen are always like that. They always mention difficulties, and I answer them: There are difficulties everywhere, there are problems in all economies, and if they expect to find an economic system without problems or difficulties, then they should not be businessmen."

He went on: "Besides, I do not agree with certain concepts included in their memorandum, for example their claim that businessmen do not have more participation in the alcohol production program because clear guidelines and credit assistance are lacking. This is not so. The businessmen have always been briefed. The government programs have been exhaustively explained to them, individually and in public, from the installation of a distillery to the total alcohol program." He added that there are commissions working, that studies have been prepared, and that hired experts have come to give lectures, from which, "by the way, some of the business leaders who now wish to establish the guidelines were conspicuously absent."

In answer to a statement that although some positive economic measures have been adopted they are held back by the exchange rate policy, Ugarte said: "The exchange rate policy is broad. If we look at the worn and torn argument that our country should adopt the system of a single and fluctuating exchange rate, I can say that this is impossible, because the government is not going to adopt this measure. Therefore, if they are expecting this, they are waiting in vain."

Elaborating on this point, he said that the rumors about an official dollar rate of 400 guaranies are groundless.

He later said that the total foreign debt disbursement at the end of last year totaled $1.654 billion, and servicing on it was $142.5 million.

"The country's foreign debt is within the limits of our capacity to pay it. To analyze the debt qualitatively is more important than the amount itself. In our case, most of the debts were made with multilateral organs, such as the World Bank and the Interamerican Development Bank, and friendly countries like the United States, Japan, the FRG, France, etc, to be paid in the medium and long terms and at fixed and low interest rates."

"In this respect," he added, "the foreign debt is not a critical issue. Besides, most of it was made in order to implement development projects and not to eliminate payment deficits, as occurs in other countries."

BISHOP SAYS STROESSNER REGIME 'FALLING APART'

PY282048 Paris AFP in Spanish 1834 GMT 28 Dec 85

[Text] Asuncion, 28 Dec (AFP) -- Bishop Mario Melanio Medina said today on the Catholic radio station Caritas that the regime of Paraguayan President General Alfredo Stroessner will not last much longer because it is falling apart. During a program for leaders of the Catholic Workers' Movement (MOC) Msgr Medina, who is the bishop of the Benjamin Aceval Diocese, said that the regime is doing itself in, generating its own destruction through the corrosion of its structure, its lack of moral awareness, and the inefficiency caused by its errors and calamities.

Medina, who is known for his harsh statements and is labeled a communist by official circles, questioned the morality and decency of the radio program "The Voice of the Colorado Party," which is aired every evening on a private radio network under the responsibility of a sector of the government. The program attacked him a few days ago, accusing him of being at the service of the opposition. Medina said that the radio program is a true expression of the situation Paraguay is experiencing.

He said much corruption and moral and spiritual meanness are reflected in the abusive speeches aired on the program and that they are destroying Paraguayans. He advised workers to become aware of the current situation by reporting without fear the injustice and corruption for which the perpetrators will have to pay in the future.

GOVERNMENT APPROVES HARSH ANTIKIDNAPPING LAW

PY310255 Paris AFP in Spanish 2012 GMT 29 Dec 85

[Excerpt] Lima, 29 Dec (AFP) -- A law published today in Lima establishes that individuals found guilty of kidnapping in Peru will be sentenced to no less than 25 years imprisonment and will be disqualified for life from holding public office.

The law considers the kidnapping of minors, the use of psychological or physical torture, and the mutilation or death of a hostage to be aggravating circumstances. It has thus drastically amended Article 223 of the Penal Code in order to deter kidnappings. The law states that the individual tried and sentenced for having committed this crime will not be eligible for early release, parole, pardon, or the commuting of sentences.

The modification states in its first paragraph: An individual who unlawfully deprives another of his/her personal freedom will be imprisoned for no less than 12 years. The second paragraph states that an individual who kidnaps with the intention of obtaining a benefit or money or to carry out or attempt to carry out actions with propagandistic purposes will be sentenced to no less than 25 years imprisonment and will be disqualified from holding public office for life, whatever his/her personal position, job, post or rank.

The law also stresses that for the purpose of the sentence and its execution, the following will be considered aggravating circumstances: the kidnapping of a minor, the use of psychological or physical torture, and the mutilation or death of a hostage. It also states that if the kidnapper repents and takes steps to free the victim, the sentence can be reduced.

COURT CRITICIZED FOR FREEING KIDNAP SUSPECTS

PY021645 Madrid EFE in Spanish 2139 GMT 1 Jan 86

[By Enrique Valls]

[Text] Lima, 1 Jan (EFE) -- In Peru the year began with a scandal: the release of five alleged accomplices of kidnapper Hector Sanchez Bedon, who was killed by police. The release was bitterly criticized by President Alan Garcia. A few days after their arrest in December, five of the seven alleged accomplices of kidnapper Hector Sanchez Bedon, who was blamed for killing industrialist Alejandro Muncher, were set free.

The judicial branch blamed the Peruvian Investigative Police [PIP], stating that the testimony the PIP sent to the judge did not link the alleged accomplices to Sanchez Bedon. Antonio Pelaez, the prosecutor handling the case, upheld his judgment, stating that the detainees did not participate in the kidnapping or at any rate acted only as accessories.

The police intercepted Sanchez Bedon and those accompanying him as they tried to cross the Ecuadoran border in two cars. Seven people were arrested. Sanchez Bedon was killed by the police shortly afterward, but his two accomplices, "Little Banana," and "Meteorite," who killed the two hostages they took along with them to cover their escape, are still at large.

The release of five of the seven detainees more quickly than is customary for the local courts elicited harsh criticism -- even from President Alan Garcia on Monday. Garcia said: "In what country are we? While policemen earn puny wages for risking their lives there are those who wash their hands, ignoring the need to impose the punishments society demands for big and small criminals."

The president said that a reorganization of the police forces, which will continue through January, has been undertaken. He lamented the fact that the judicial branch is not committed to the struggle against crime, vis-a-vis the wave of violence affecting Peru. Garcia has often criticized the judical branch, asking that it be purged of corrupt judges so that the people may again have confidence in the courts.

In turn, Senate Second Vice President Humberto Carranza Piedra has stated that the judicial branch "continues to experience crises at all levels, including not only the judges' misconduct but also that of court members and unscrupulous court clerks, who take the liberty of granting freedom to kidnappers, drug traffickers, and other criminals."

Carranza said that the president is not attacking the judicial branch but only its corrupt members, "who continue colluding with criminals and immoral people." One of the initial goals announced by President Garcia when he assumed the Presidency was to moralize the country and the institutions infiltrated by corruption.

The newspaper EXPRESO published today a number of reports referring to criminal cases involving police personnel. One of these involves five policemen who are being investigated after Manuel Mendoza, who was kidnapped and managed to escape, charged them with his abduction.

Other reports state that a 5-year sentence is being sought for two policemen who facilitated the escape of a drug trafficker, while a former police captain was sentenced to 12 years for heading a gang that attacked taxicab drivers and killed one of them.

SHINING PATH NEW YEAR'S EVE ATTACKS OUTLINED

PY022337 Paris AFP in Spanish 1436 GMT 2 Jan 86

[Text] Lima, 2 Jan (AFP) -- It was reported officially here today that in a sudden reappearance terrorists blew up five pylons, leaving several villages in the dark, and murdered two people in Ayacucho and Ancash during the last few hours. In Ayacucho, 575 km southeast of Lima, which is the bastion of the Andean guerrilla, Shining Path guerrillas unexpectedly blew up three plyons, leaving the city in darkness and frustrating traditional New Year's celebrations.

The recently inaugurated Mantaro-Cobriza-Huanta transmission towers -- attacked 19 times while under construction with a loss of its 21 towers -- were dynamited a few minutes before midnight. This attack left Huanta and other villages in the dark. In Ayacucho itself, which is under a state of emergency and where the terrorist malignancy was curbed 4 months ago, a Huamanga student was killed by three shots in the head. According to police reports, the murder was perpetrated by Shining Path guerrillas, however the victim's family asserted that he had been shot by a police agent.

The sources also reported that in Chimbote, Ancash Department, 412 km north of Lima, two other pylons were blown up just before midnight, causing outages in several northern locations, including part of the town of Trujillo, 542 km north of Lima.

The police reported that bombs exploded in the towers located in Virgen Hill and in the small village of Lacramarca, but did not confirm or deny rumors about the discovery of 20 packages of explosives in the Coishco tunnel of the Pan-American Highway and on 2 of its bridges.

The police reported that at the same time a Shining Path column, heavily armed with submachine guns, killed a young women and placed a sign on her dress saying: This is the way informers die. The crime occurred in the small village of Quisipata, in the Bolognesi Province of Ancash Department, where a few days ago a judge and three teachers were killed.

According to the peasants who witnessed the murder of the woman, who could not be identified for lack of documents, she was chased for a long time by the terrorists, apparently the same ones who killed the judge and the three teachers. The young women might have been a relative of one of the first victims.

The authorities, who praised the efficiency of the police agents, reported that there were no attacks or bloody significant acts in Lima or the rest of the country on the first day of the new year.

Former President's Home Fired On

PY311714 Paris AFP in Spanish 1536 GMT 31 Dec 85

[Excerpts] Lima, 31 Dec (AFP) -- The Civil Guard today reported that a mayor-elect of the ruling APRA [American Popular Revolutionary Alliance] party was killed by Shining Path guerrillas in Ayacucho, while in Lima a terrorist group early this morning shot at the house of former President Jose Luis Bustamante y Rivero. The authorities said that the attack carried out early this morning against the home of the former president in San Isidro District, Lima, claimed no victims, but caused some damage and alarmed residents. A terrorist commando of five, one of them a woman, fired submachine gun bursts at the front of the house and quickly fled the scene after policeman Humberto Romero, who was on duty there, repelled the attack.

The Interior Ministry has reported that it discovered a guerrilla conspiracy to set up indoctrination centers in Lima's large slums by killing and expelling policemen and their relatives so as to operate freely. The authorities are not concealing their concern over a terrorist escalation in urban areas in 1986 following those maneuvers to frighten the police away from the neighborhoods chosen as indoctrination centers.

BRIEFS

NEW CURRENCY CIRCULATING -- The new monetary unit, the inti, which replaces the sol, will become legal tender 1 January 1986 for all accounting and banking operations. However, sol bills and coins will still circulate normally. [Excerpt] [Lima Panamericana Television in Spanish 0200 GMT 1 Jan 86 PY]

TUPAMARO LEADERS VIEW FUTURE POLITICAL ROLE

PY301625 Madrid EFE in Spanish 2121 GMT 27 Dec 85

[By Jose Figueroa]

[Text] Montevideo, 27 Dec (EFE) -- The former Uruguayan Tupamaro guerrillas have reasserted that they will continue operating according to the law, but warned that "true and realistic solutions to the economic situation are indispensable in order to strengthen democracy."

Over a thousand members of the National Liberation Movement (MLN) participated in their third congress -- the first the MLN has held legally in the 23 years since its foundation -- and elected a 33-member executive board.

In the 3 days of secret meetings, four basic points were reviewed: self-criticism, strategy, platform, and programs.

The Tupamaros, one of the most active guerrilla groups in Latin America in the 1960's, were defeated by the Uruguayan military shortly before the 1973 coup d'etat, and most of their members were arrested and sentenced to long prison terms.

In its convention, the MLN accepted its military defeat and decided to establish a legal political force "that will struggle to strengthen democracy."

Raul Sendic Antenaccio, the historical leader and founder of the movement, received the majority of the votes and will preside over the executive board.

Sendic did not participate in the meetings because he was in Cuba, where he went to undergo plastic surgery on his face, which was disfigured when he was shot in 1972. Sendic was arrested after a shoot-out with the security forces.

Making a balance of the past, Eleutelio Fernandez Huidobro, a leader and founder of the Tupamaro movement, stated that "we will continue operating according to the law," but warned that "true and realistic solutions to the economic situation are indispensable in order to strengthen democracy."

Fernandez Huidobro also warned against "the "existence of right-wing fascist forces waiting for revenge," and emphasized "the need to eliminate that latent threat."

Leopoldo Laferrandiz, another of the designated members of the executive board, stated that from now on the Tupamaros will focus on "political and trade union tasks," proposing to all parties the creation of an "antidictatorial front."

Another founding member, Julio Marenales, stated that the so-called "For the Countryside and Against Wealth" program announced shortly after the release of the Tupamaru leadership is still fully in effect.

"The basic proposals include agrarian reform, nationalization of the banks, and nonpayment of the foreign debt and its interest as the only way to guarantee a better standard of living for the people," Marenales explained.

Most of the Tupamaros were freed in March, shortly after the inauguration of the democratic government of President Julio Maria Sanguinetti, after serving in many cases 10 years or more in prison.

The MLN is currently holding negotiations to join the left-wing "Broad Front" coalition, the third political force in Uruguay, led by General Liber Seregni, a former political prisoner.

However, the Christian Democratic Party, which is a member of the coalition, has announced publicly that it opposes the Tupamaros' joining the group.

NORIEGA ON DELVALLE; SEES NO C. AMERICA PEACE

PA012002 Panama City LA PRENSA in Spanish 31 Dec 85 p 1 A

[Article by Lisette Carrasco]

[Text] Referring to the time that he will give President Eric Arturo Delvalle to solve the country's economic, political, and social problems, General Manuel Antonio Noriega, commander in chief of the National Defense Forces, told LA PRENSA in an exclusive interview that "former President Barletta and current President Delvalle own their own destinies, and as such they take their own kites and fly them as high as they want wherever they want, as long as they are in line with the Panamanian people's social and political principles." LA PRENSA asked Gen Noriega if he would challenge President Delvalle to solve the country's economic, social, and political problems within a certain period of time just as he did with former president Nicolas Ardito Barletta 1 year ago, when he gave him 365 days to solve Panama's problems. Then, the commander of the Defense Forces replied humorously: "You are making me look like a chameleon."

The officer was leaving the Presidential Palace where he and his general staff had been meeting with President Delvalle and several ministers since early today. It was a meeting that Colonel Roberto Diaz Herrera described as "a meeting of brotherhood" to end this year. Gen Noriega, in contrast with his comrades-in-arms, was not wearing a military uniform but a purple safari outfit. Later, at noon, he met with foreign correspondents accredited to our country in one of the palace's rooms. According to correspondents we interviewed, the commander of the Defense Forces made no statements about the country's current situation because he said the reason for the meeting was to "pay homage to the journalistic work they had done for 365 days." In addition, each correspondent received a fine gift bought at the Pretelt Jewelry store. After a long wait, Gen Noriega agreed to an interview by LA PRENSA but with the proviso that "the report not be distorted."

Asked about his reaction to certain publications in various countries in which he is accused of being the mastermind of the "coup d'etat" against former president Ardito Barletta, he said: "The U.S. Government, the strength and the spirit of the Americans, is not based on men but is based on their spirit and own history." Expanding on his response, Noriega added that "they do not react over men, they do not react over ambassadors, they do not react over departments, they react over their security." He said that "it is the spirit of Virginia that has made that nation great." He stated that this is one of the reasons why "the United States has become such a great nation. It is so because it is the center of power where we all live. Let's not be deceived," he added, "thinking that the United States is going to react because of a man or a group of men or a newspaper or an article or a department from which copies have been stolen. The U.S. spirit reacts to security and they know where security lies."

Referring to the Central American crisis, he opined that "unfortunately there isn't much hope" for peace in the area. As one may recall, Gen Noriega took several trips to the Central American area this year to promote a meeting of military commanders in our country to seek peace mechanisms for this strife-torn region. His view after these trips is that "the dark clouds over the Central American and Caribbean area are too dark."

To Noriega, the news item of the year was the rescue of the daughter of Salvadoran President Napoleon Duarte in which "the Defense Forces and Msgr Obando y Bravo played an important role." Then the general and two security agents got into his black BMW with tinted windows and sped out of the presidential palace area followed by another car with his security guards.

EL SALVADOR

VENCEREMOS STATEMENT VIEWS WAR SITUATION

PA021258 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 1 Jan 86

[Text] The FMLN's political-military balance for 1985. January 10th will mark 5 years since a higher stage of our revolutionary war in our homeland was begun. During these 5 years, we have been steadily advancing and on the offensive all of the time. To a greater or lesser extent, a balance of each year of struggle has reiterated our slogan: "Our People Move Forward While Our Enemy Retreats." We have defeated every plan by our enemies and we continue to advance and surprise those who are not convinced that an organized people determined to achieve their freedom are invincible. If we were to describe the meaning of this year that is coming to an end today, we would say that this year we laid the foundations to resist and defeat any imperialist plan, including an invasion by Yankee troops against our homeland.

During the years 1981, 1982, and 1983, we completely destroyed the dictatorship's ability to remain in power, thus forcing the imperialists to directly engage us in a war on all fronts through a gradual interventionist escalation and a complex counterinsurgency plot that we have defeated this year. Our forces' speedy and unstoppable advance during the first 3 years of war and the danger of the regime's toppling made the U.S. imperialist government devise a complex war plan against our people to crush our sovereignty and lay the basis for a greater escalation that even paved the way for Yankee troops if circumstances so demanded. The steps taken by imperialists during the aggression process in the past 2 years of war have passed beyond the stage of simple assistance. These steps are actions that in fact turned our war into a direct confrontation between our people and imperialism.

In view of the puppet Armed Forces military defeat, imperialism increased its military forces and also increased and improved its aggression because of the regime's economic setbacks. Imperialism has estimated approximately $1 million daily to prop up the oligarchy's dying economy. While the puppet government is discredited abroad and rejected at home, imperialism put Napoleon Duarte, the biggest traitor in the homeland's history, at the head of the government. He had the mission to confuse the people, set the social basis for the dictatorship, improve the international image, and ensure that the Yankees would be able to continue war supplies and try to defeat the FMLN. No dictatorship more surrender oriented than this one ever existed in our homeland. In the long list of sad figures who have oppressed the people, no one was more cynical or more shameless than Duarte. He posed as democratic, pacifist, and conciliatory. Yet, under his nose our history's greatest genocide has been consummated. Sixty thousand fellow Salvadorans have been murdered, 1 million have been dislodged from their homes by repression and bombings, thousands have been reported missing, and hundreds are tortured and held prisoner all under the so-called Christian Democratic regime. Never in our history were these two words given a sense more opposed to their true meaning in an effort to deceive our people. The number of imperialist forces and their political complexity constitute a challenge for our people to demonstrate that it is possible to defeat imperialism through the right and proper combination of all of the factors involved in the popular revolutionary war.

Optimistically, the imperialists and their puppets launched their plans and gave us a specific amount of time to live. They thought that we would not be able to find solutions.

They were wrong again and their own spokesmen have tasted defeat, admit the FMLN's force and progress, and prepare to step up intervention and again try to defeat us, unsuccessfully. Referring to the imperialist stance, Ronald Reagan himself said that the question in Central America was no longer whether El Salvador would topple but whether counterrevolutionaries would win in Nicaragua.

At the end of this year, imperialism's official radio station itself admitted that the Duarte government in El Salvador is beaten, divided, and defeated, and that a good outlook can no longer be predicted for it. Only a few months were necessary for our lowly people and their vanguard to defeat the purpose of the leader of the world's first imperialist power in a titanic and heroic effort. The real question in Central America at this time is: Will it be necessary for the blood of young Americans to be shed for the United States to be convinced that it must respect the Central American peoples' self-determination and cease its intervention? Now more than ever facts are in favor of the people and not many explanations are required to demonstrate that our strategic plan has defeated Duarte's counterinsurgency plan. This plan is worn out and defeated, and a new imperialist escalation of intervention, which we are ready to defeat, is about to occur.

Balancing all fronts of the struggle, we must first say that this year the FMLN-FDR continued to advance militarily, based on an accumulation of forces during all these years of struggle. Our forces extended and broadened the political struggle, the masses presence and organization, the struggle for peace, and the diplomatic action with more strength. Today, our war has become united to the steady, combative mobilization of the people's forces. This is quite the opposite of what Duarte, the imperialists, and the High Command expected. Duarte's pacification, dialogue, democratization, and political project as a cover for a warmongering plan has been unmasked. The Armed Forces devote more and more efforts to directly fighting the people and their organizations. The Christian Democrats alleged social foundations and the members of the social pact either do not exist anymore or are only names that do not get even motivate their relatives.

Duarte and the Christian Democrats could not give a social foundation to the imperialists' counterinsurgency plan. This signified their complete domestic isolation and the strategic crisis in their human reserves. The forces that oppose the government get bigger and bigger. The forces that demand a national political solution are in the majority and the Christian Democracy threatens with repression under the motto: Either with me or against me, as a way to stop a national consensus for peace, and democracy and against intervention. The Christian Democrats attack a peace forum that raises banners not much different from those they demagogically offered during the election process.

Regarding the economy, Yankee assistance has done nothing to help because most of it has been destined for the war, while the rest has been used to support the oligarchic system, thus ensuring the continuation of the unfair economic and social structure that brought about the war. Due to the very nature of the system and by a clear decision made by Duarte and the imperialists, it has been proposed that the people make sacrifices and pay the price of war. The new measures approved by the Duarte government are part of this. These measures will aggravate the people's crisis even more, increasing the government's isolation, and all sectors will demand with more force the need to struggle for a change in the situation. Duarte has made clear his proejcts' true social pact. He is strengthening his relations with the oligarchs and thus ensuring his survival. Meanwhile, the leaders of his party and the Army High Command, made very wealthy by all the aid, have swollen the ranks of the ruling classes.

Never during these 5 years of revolutionary war have our people's struggle and our military victories advanced so forcefully together. This year, hundreds of thousands of rural and urban workers participated, one way or another, in this struggle, by raising their class consciousness and their organization. The Christian Democrats', Duarte's, the Yankee's and the High Command's plan during 1979 and 1980 was to stop our people's combative thrust with a genocide that left us 50,000 dead and hundreds of thousands of Salvadorans in exile. At the time it was argued that 20,000, 30,000, or 40,000 had to die in order to pacify the country. With how many dead are Duarte and the Yankees now planning to stop this struggle? They thought that the genocide that they had committed was enough to manipulate these docile people. This is why they spoke about democracy. A few strikes and mobilizations have taken place that have made the Christian Democrats begin to speak like the Fascists Molina and Romero. Nevertheless, conditions are different now.

There is now a powerful revolutionary army. Now, the eyes of the whole world are on our homeland and excesses will be paid, politically and militarily. Now our people are experienced; their backs are guarded; they have other alternatives; and to try a new genocide would set the whole country on fire, speeding up the struggle and turning the attempt at massacring the people into a fast and total defeat of imperialism and its puppets. The popular nature of our war has been stressed this year. We have ensured our people's invincibility with a deeper and more integrated war strategy. In the struggle for peace and dialogue as a mechanism to attain a negotiated political solution, great progress has been achieved this year. We have succeeded in wearing out Duarte's false dialogue policy. In view of our continued initiatives, he has had to retreat and show his true warmongering nature.

Our enemies do not want the leaders of our fronts to discuss the war in front of our people because our enemies cannot stand the battle of arguments. Their discredit is too great, while our prestige before the people is just too much for them. The defeat of Duarte's false dialogue policy is an important step so that we can establish a true policy of dialogue. Our enemies felt that with Duarte the Yankees' pressure and blackmail at international forums had improved. This year we have succeeded in wearing out Duarte's figure by unmasking him as a puppet of the Reagan policy for Central America. He lost prestige and has appeared as a charlatan before governments and political forces thathe tried to win over by posing as a democrat and motivator of dialogue and political solution. Facts have proved quite the opposite. They spell Duarte's political death. Duarte appears before the international community as a Yankee puppet, as a man without real power in El Salvador, where his mission is to cover up crimes. The resolutions of the United Nations and the OAS Human Rights Commissions have demonstrated that Duarte cannot deceive anyone any more. Duarte tried to pose as a democrat before the international community, yet all he did was to ask for help, favors, understanding, and play his megalomaniac role of holy man.

He chose a bad time for this role because in other countries, such as Argentina, Uruguay,and Peru, openings took place with specific steps. Political prisoners were released, criminals were tried, and a more independent stance was taken for the defense of the continent's and the Third World's economic interest. Meanwhile, Duarte only asked for understanding and completely sold himself to the Yankees.

Militarily, facts speak for themselves. If the FMLN had not achieved any military progress, the political and international factors of the Yankees' counterinsurgency plan would not have become entangled. Again it has become evident, undeniable, and pathetic for the Army that it is losing the war.

This year we caused more than 6,000 casualities among the puppet Armed Forces. We recovered 216 rifles, 38 support weapons, and tens of thousands of rounds of ammunition. We ambushed 220 vehicles along all the country's highways. In these ambushes, more than 100 transport vehicles were destroyed.

Hundreds of lightning night actions have turned night into a relentless foe of the enemy's way of thinking. The detonation of thousands of mines, and attacks by sharpshooters against the enemy's mobile troop strategy have turned patrols and operations into real disasters for the puppet troops. Our strategy of the people's growing support and participation in the war has turned every place of the territory into hell for the enemy soldiers. Nevertheless, we still have not deployed our full military capability.

In the coming year, more forces will come into play and our operational ability will be even greater. The genocidal air war and the so-called airborne troops' strategy are useless when confronted with our forces' strategies. Our efficiency in fighting aircraft from the ground continues to improve. This year, 5 helicopters were shot down and more than 20 were damaged. Considering the enemy's number of aircraft and its maintenance problems, these constitute severe blows against its air war. In view of the defeat of their plan, the enemy's powerless High Command has turned to the historical [as heard] use of its aircraft as the only means of trying to pressure us. Their increased air war activities are a clear indication of their losing the ground war. This coming year, we will make the enemy feel our antiaircraft fighting ability even more strongly.

Although we have not taken the economic destabilization to its upper limit, we can say that this year has indicated that no political or economic plan is possible in this country without respect for sovereignty, democracy, and the people's aspirations. During the year, we stopped traffic eight times, totaling 48 days of paralyzation. Twelve coffee and one henequen processing plants were either totally or partially destroyed. Three locomotives, more than 50 pylons, and 700 energy posts were also destroyed, as well as more than 80,000 quintals of coffee and thousands of manzanas planted with coffee and cotton. Five strategic communications centers were totally or partially destroyed. Our forces established and guaranteed fair salary scales for thousands of workers, and assigned thousands of manzanas of lands over broad areas for the free use of the people. Previously, high rent prices had to be paid for these lands. Many were the millions that the state did not collect in taxes as the result of the two powers existing in extensive areas of the national territory.

We have expanded the war to 12 of the 14 departments, and this coming year we will cover the entire national territory, in the majority of the cities, multiplying the clandestine guerrillas right in the enemy's strategic centers. There is no place on Salvadoran territory where the impact of the guerrilla presence is not being felt through its organization, mobilization, and struggle for the people. In no way, not even with an Army 10 times larger than the current one will the enemy be able to confront the complexity of our strategy of expansion, destabilization, attrition, strategic blows, organization, and the people's struggle being carried out everywhere and in all possible ways.

This year we have taken more serious and solid steps in our unification process, and this will be felt in the near future as a multiplying factor of our continuous offensive.

Never before was the enemy more interested in seeing us divided.

This never happened; our forces are solidly united. The logic of imperialism's analysts is so absurd, that now they are saying that our fusion into a single organization is a sign of weakness, although a few months ago they said the contrary.

This year we also took solid steps in strengthening the democratic-revolutionary alliance [alianza democratico-revolucionaria], neutralizing the enemy's illusory attempts to dis-articulate this strategic alliance, which represents the true democratic, popular, and revolutionary spirit of our people's vanguard forces.

In sum, the balance of this year of struggle gives us totally favorable results. Our enemies' political, military, and economic plans have failed and are now in crisis; meanwhile, our people continue to repudiate the government's policies, and are demanding their rights by organizing themselves and struggling. The imperialists are facing growing opposition to their Central American policy from the countries in this continent; on the other hand, our forces are becoming more united, and are strengthening their ties with the people through organization and mobilization, have heightened the levels of awareness of the people's combatants, and our military forces are continuing their steady advancement and continuous offensive.

This is the outlook at the end of the year. We are satisfied with having complied with our duty to defeat the imperialist challenge, and with being ready to confront and defeat any new imperialist plan, including the arrival of its own troops.

This year, we have created a complex situation for our enemies. We are ready for a long battle, even longer than they can resist. In this sense, if Blandon and the Pentagon's advisers do not ask themselves how long it will take us to achieve victory, they should ask themselves how long will their forces be able to resist attrition, and how long will the troops last who were recruited by force to replace the casualties, amid the growing and enormous discontent among the people? How much longer will the feeble economy resist? How much longer will imperialism continue to maintain the enemy in power? How much longer will the current imperialist administration be able to continue lying to the U.S. people and the world, in order to have them accept its aggressive policy against our peoples? Revolutionary wars are not won by those who have more forces or means, but by those who get the people's support and participation in the struggle.

We have sufficient firepower and military experience, which, effectively combined with the people's participation in the war, makes us capable not only of defeating the puppet Army, but, in addition, as many dozens of thousands of Yankee Marines who should come to their aid. Our war plan is ready and in progress. However, we are also ready to achieve a just and dignified peace through methods that can be less costly for our people. The war can have a just and dignified solution if we hold talks among Salvadorans. Our fronts are willing to be flexible and to discuss national alternatives for a political solution. It is our enemies' -- Duarte, the Armed Forces, and imperialism -- turn to speak, and they will be responsible for the dimensions that the war may have if they insist on maintaining an unjust social system, preventing our people from exercising their self-determination.

We greet our companeros in the FDR, recognizing their valuable contributions in the complex battle we victoriously waged this year, proving our high political capacity, and our firm defense of the people's interests through the alliance of our fronts.

We greet the commanders, fighters, cadres and militants who made it possible this year to build a solid popular war strategy, which guarantees our victory.

We end this summary by remembering and honoring the memory of each and everyone of the heroic fighters who offered their lives this year for our people's liberty. We also remember the patriots who are missing or confined in the dictatorship's jails, and we combatively salute the heroic and tenacious struggle conducted by the government and private enterprise workers. We also greet the students, cooperative members in the countryside and in the cities, workers' associations and other people's organizations.

This coming year will be decisive for peace, or for the intensification of war. In this sense, we call upon all the political parties, businessmen, professionals, and patriotic sectors within the Armed Forces to meditate on the danger for our homeland posed by the continuation of the U.S. Government's interventionist policy, which leads to the intensification of a war, in which our nation will pay the highest human and economic price. We urge these sectors to seek a national consensus together with all our people to shorten the war, enabling our people to fully exercise their rights and to fulfill their most urgent economic demands, within the framework of the total exercise of our independence as a nation.

Eternal glory to the heroes and martyrs fallen in 1985! Long live the people's war strategy! Revolution or death, we will win!

[Signed] FMLN General Command: Commander Leonel Gonzalez, Commander Shafik Jorge Handal, Commander Roberto Roca, Commander Ferman Cienfuegos, Commander Joaquin Villalobos, El Salvador, 31 December 1985

GOVERNMENT REPORTS 1 JANUARY GUERRILLA ACTIONS

PA021632 Paris AFP in Spanish 1954 GMT 1 Jan 86

[Text] San Salvador, 1 Jan (AFP) -- The Salvadoran guerrillas broke their tradition of carrying out spectacular attacks on New Year's Eve, but, according to an official report, they began 1986 by harassing military positions in Tamulasco, Chalatenango Department, in the northern part of the country.

The military report issued today stated that a large number of rebels today attacked the troops of Military Detachment No 1, stationed in Tamulasco, with different caliber weapons. The military report did not give details of the attack.

The military report adds that another group of rebels attacked the 5th Infantry Brigade troops at the San Felipe and Cerro Tecomatepe junction in San Vicente Department.

The report states that these soldiers were ambushed by the rebels while they were driving a truck loaded with food supplies for the troops located in various points of the area. No casualties were reported.

A National Guard patrol was also attacked by the FMLN, which made use of a Claymore mine and rifle fire, when the Guardsmen were travelling in a rural part of San Vicente. According to the official report, the guardsmen repelled the attack and suffered only one casualty.

Moreover, the Armed Forces Press Committee, Coprefa, reported the killing by the guerrillas of patrolmen Lorenzo Moran and Joel Hernandez, members of the Coatepeque military escort group in Santa Ana Department, 50 km west of the capital.

The report states that the two patrolmen were kidnapped by the insurgents and their bodies were later found riddled with bullets.

The same source added that peasant Aquilino Menjivar was shot to death after he was kidnapped by the rebels from his house in Loma Larga in northern Chalatenango Department.

It was also reported that two peasants were victims of a mine placed by the rebels near Santa Teresa farm, close to Zacatecoluca, La Paz Department, in the central part of southern El Salvador. A woman, Gumercinda Sanchez, was killed in that incident, and her companion, Natividad Mena, was seriously wounded.

Another military report stated that 5 guerrillas were killed and 9 were wounded in a clash with the Cacahuatique Battalion, in Cerro la Tortuga, Joateca Jurisdiction, Morazan Department. In addition, another rebel was killed and one wounded in a clash with Arce Batallion troops in La Esperanza farm, near Chinameca, San Miguel Department, in the eastern part of the country. The guerrillas, who in previous years carried out spectacular attacks and sabotage operations on New Year's Eve, had announced that this year they would unilaterally suspend attacks and sabotage and road closing operations to "allow celebration" of the holidays.

GUATEMALA

FORMER SECRET POLICE CHIEF AMBUSHED, KILLED

PA021709 Panama City ACAN in Spanish 1645 GMT 1 Jan 86

[Text] Guatemala, 1 Jan (ACAN-EFE) -- Guatemalan police today claimed to have picked up a trail that could lead to the arrest of those responsible for the murder of Colonel Carlos Ignacio Gonzalez Palacios, perpetrated yesterday in Guatemala City.

Gonzalez Palacios, former chief of the Guatemalan Secret Police, was ambushed by four men who opened fire on his car. Palacios was in his car with his wife, Juventina de Gonzalez, who was not injured in the attack. Preliminary investigations reveal that the murderers used military-type automatic weapons, and that after the attack they escaped in a pickup truck whose description is already in the hands of the authorities.

The murder of Gonzalez Palacios was practically the last act of violence of the year that just ended. The reasons for the murder are not yet known, mainly because Colonel Gonzalez Palacios was retired.

HONDURAS

SUAZO CORDOVA NEW YEAR ADDRESS TO NATION

PA021437 Tegucigalpa Domestic Service in Spanish 0100 GMT 1 Jan 86

[New Year address to the nation by President Roberto Suazo Cordova in Tegucigalpa on 31 December 1985 -- live]

[Excerpts] With a few hours to go before the start of the new year, our past political endeavors honor us at the national and international level. The start of a new year always constitutes a source of joy and hope; it is like closing the chapter of a new book to begin a new one. All Hondurans, rulers and ruled, must honestly view this great moment of republican continuity in such terms.

Dear compatriots, as 1985 draws to an end, I also feel deeply satisfied despite the vicissitudes I have already mentioned. This is the last year of my constitutional mandate as ruler of this country, to which I faithfully and devotedly owe everything. Hence, I have deemed it appropriate to mention the achievements of my administration even if just in outline form. In addition to the advances I have mentioned regarding political issues, I have also striven daily and unrelentingly to promote our people's cultural progress, as well as their material progress in diverse areas so that all Hondurans may enjoy a decent standard of living in an atmosphere of social tranquillity and unrestricted liberties.

In the fields of education, health, infrastructures, the reinforcing of our Armed Forces, agrarian reform, housing, projecting our pacifist commitment abroad, and in so many other fields I have conducted actions one can dare label titanic. The remotest areas of our beloved fatherland have received the benefits of the democratic government over which I am honored to preside. It may be that our people have not fully learned about the work carried out because this government has devoted more time to a policy of action to benefit the community, than a policy of self-aggrandizement for its own benefit. However, with the passage of time, people with impartial criteria will understand this fruitful work, which will be a credit to my government and contribute to consolidating the nation's dignity.

I want to point out that at the start of my administration the country's economic and financial situation was seriously deteriorated; the country was practically bankrupt. Included among the chief factors pointing to this deterioration, as well as the measures that I decisively and firmly adopted to overcome the prevailing problems, I would like to mention the following: There was a precarious balance of payment threatening with the imminent devaluation of the lempira due to the fact that there were delays in our foriegn payments. In oil payments alone, we owed 144 million lempiras. Also, the accumulation of delayed interest rates for private sector credits, which had been guaranteed by the state in foreign banks, rose to 105 million. This situation was extremely delicate because the country's level of net international monetary reserves had dropped by approximately 300 million lempiras in the previous 3 years, and exports were clearly stagnant due to the prevailing situation on the international markets.

In view of this situation, at the start of its mandate this government, acting through the Central Bank of Honduras, was forced to request financing from the Governments of Colombia and Venezuela for the equivalent of 60 million lempiras to meet the economy's most pressing foreign currency needs. It also had to adopt measures to rationalize the use of the scarce existing foreign currency. The government's foreign exchange policies not only managed to maintain the lempira 's exchange rate despite all odds for the benefit of most Hondurans, but also allowed the payment of the aforementioned loans with Colombia and Venezuela, and the payment of the interests which had been delayed when I began my mandate. Moreover, the country has repaid loans from the IMF that were made during previous governments. Despite this, there has been an increase of 60 million lempiras in the country's level of net international monetary reserves.

Regarding fiscal matters, when the current government took office the accounts of the general treasury of the Republic showed a negative balance. This situation compelled the government to develop a fiscal policy aimed at curbing current expenditures and increasing revenues.

For this reason it was necessary to introduce tax and administrative reforms that would reverse the recessive tendency the fiscal revenues were experiencing to achieve a substantial increase in revenues, especially during this government's past 2 years.

The government of the Republic also tried to prevent the excessive use of foreign credits under commercial conditions, and instead, sought concessional loans from international financial organizations and donations from friendly countries, in order not to affect the country's future credit capacity. The funds obtained were used to finance investments, which in turn will strengthen our credit capacity. One of these investments is the El Cajon hydroelectric project, which has already taken the place of a large portion of our fuel imports, making possible a surplus in our electric energy production.

Large investments were also made on the road system, without neglecting social projects, which were principally developed in rural areas, where the country's most needy population lives. In this respect, the potable water and sewer systems were considerably expanded, the number of classrooms multiplied, housing and electrification projects promoted in rural areas, and medical installations improved.

We must stress that all these public works were carried out without increasing the country's inflation rate. This was possible because we used less funds from the Honduran Central Bank. This, together with a higher production of basic grains, resulted in a significant reduction in the inflation rate, which dropped from 18 percent at the beginning of the government's term, to 3 percent annually; the lowest rate in Latin America.

In addition, the government managed to recover the country's financial credibility in the international field, which was seriously weakened at the beginning of the government's term as a result of the financial bankruptcy suffered by the Honduran Financial Bank, Banfinanh, and the financial collapse of the National Corporation for Investment, Conadin. The government made it possible to obtain funds for the reactivation of the private sector through administrative credit lines granted by the Honduran Central Bank, such as the industrial reactivation program; credit lines from (Exilbank), and from other friendly governments.

We also took measures to encourage economic activities, particularly in export field. Many of these measures have already yielded positive results. One of them was the reduction in the banana export tax, which permits us to project an export of 46 million cases, a 13 percent increase over 1984.

The impact of the measures adopted on national production can be seen by comparing the negative growth registered at the beginning of the government's term with the 2.8 and 3 percent positive rates achieved during the past 2 years. Although these rates can be considered quite moderate, they are higher than those obtained by the other countries in the region, even though Honduras did not have to adopt extreme measures, something which recently occurred in neighbor countries.

Dear compatriots: I extend my usual fraternal greetings to you on this special occasion. I send warm New Year greetings. Although this could be interpreted as a farewell message because in a few days I will deliver the presidency to my legitimate successor, it actually conveys a fraternal embrace from a president who, after fulfilling his duties, will return to the peaceful and dynamic activities that are part of the people's authentic responsibilities. We are inspired by the faith that strengthens our determination to move ahead with our heads up and a clear conscience.

I thank God for his help and guidance at all times during my administration. I thank the Honduran people and the Armed Forces for giving me their unconditional support at all times. May the Lord bless all Honduran homes. Thank you, dear Honduran people.

OIL IMPORTS REDUCED 10 PERCENT IN 1985

PA021837 Panama City ACAN in Spanish 1439 GMT 2 Jan 86

[Text] Tegucigalpa, 2 Jan (ACAN-EFE) -- The Honduran Government announced today that during 1985 it reduced its oil imports by 10 percent. The reduction, 440,000 barrels, represents savings of $16.55 million compared to 1984.

In that same period, purchases of crude and reconstituted oil from Mexico and Venezuela -- within the framework of a special agreement by which 20 percent of the bill is allocated for development programs and is payable at a low interest rate -- were reduced by 917,000 barrels, equivalent to 28 percent in relation to 1984.

According to the Honduran Government, the reduction came about because a large amount of "fuel oil" (Bunker-C) is reexported; however, at this time there are problems due to the surplus of that product in the international markets. The government reported that in 1985 it purchased 2.4 million barrels of crude and reconstituted oil for $20.45 million, and obtained $14.1 million from its oil bills at low interest rates for development programs.

NEW MOVEMENT REPORTED IN NATIONAL PARTY

PA010111 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 31 Dec 85

[Text] Sources linked to the National Party have just informed Radio America that a new movement has just emerged in the National Party: The Nationalist Revolutionary Vanguard Movement. This movement's objective is to prepare a presidential candidacy through one of the most distinguished young Nationalist personalities, attorney Carlos Lopez Contreras.

Radio America has been informed that within the next few days there will be a very important meeting, at which time a group of National Party personalities will honor Carlos Lopez Contreras who will be the foreign minister in Jose Azcona del Hoyo's government. Lopez Contreras is presently an adviser at the Honduran Foreign Ministry, and a member of the Honduran National Party. This movement called the Nationalist Revolutionary Vanguard Movement supports Lopez Contreras, and its objective will be to work on launching his presidential candidacy during the next few years.

Lopez Contreras has already been confirmed as the new foreign minister in President-elect Jose Azcona del Hoyo's government. This information was provided by persons or sources linked to the National Party and is highly accurate. Carlos Lopez Contreras is a distinguished young member of the National Party of Honduras, and around him are a group of personalities who believe that he also can be a presidential option for the National Party in the next elections.

NICARAGUA

INTERIOR MINISTRY CLOSES RADIO CATOLICA

PA020259 Managua Domestic Service in Spanish 2321 GMT 1 Jan 86

[Text] Voz de Nicaragua listeners, we have received a report from the Media Directorate of the Interior Ministry regarding this afternoon's closing of Radio Catolica for not complying with the country's laws. Here is a report from the Media Directorate:

[Begin recording of unidentified official] 1986, 25 years later, all weapons against the aggression. 1 January 1986.

Mr Bismarck Carballo, Radio Catolica Director, Managua.

Mr Director: Attached please find a resolution issued by the Media Directorate to Radio Catolica which must be complied with upon the moment of its notification. Without further to add, I convey to you the assurances of my consideration.

[Signed] Captain Nelba Cecilia Blandon, Media Director of the Interior Ministry

Resolution. Whereas:

1. On 31 December 1985, and 1 January 1986, the New Year's message by Companero President Daniel Ortega, commander of the Revolution, was going to be broadcast.

2. The message by Companero President Daniel Ortega Saavedra should have been broadcast on a national network because of its major importance to the people of Nicaragua, in accordance with paragraph B, Article No 7, of the general provisional law on the media.

3. On 30 December 1985, Mrs Gloria Benavides, Radio Catolica's program director, was advised that the message by the companero president would be broadcast on national network. However, at 1800, on 31 December, when the aforementioned message was broadcast, Radio Catolica did not join the network.

4. In view of this situation, at 1805, Radio Catolica Director Msgr Bismarck Carballo was told over the telephone that his radio station had to join the network to broadcast the message by the companero president of the Republic of Nicaragua. However, Radio Catolica joined the network only when the message had concluded.

5. This action is in direct violation of the duties that the news media must render to the people of Nicaragua.

6. Radio Catolica's repeated refusals to accept the orders from the Media Directorate show that this latest violation of the law is not an isolated incident. Instead, it represents an escalation of their actions outside the law.

7. In view of the aggression which the Nicaragua people are facing, all of the nation's efforts must rally around the defense, and in particular, the news media have to fulfill their responsibilities to the people.

Therefore, considering Radio Catolica's repeated violations of the law, the fact that its director was informed about this law, and the current circumstances surrounding this violation,

It resolves: To close Radio Catolica de Nicaragua.

Issued in Managua on 1 January 1986, Media Directorate of the Interior Ministry. [End recording]

GOVERNMENT CENSORSHIP OF LA PRENSA CRITICIZED

PA291244 San Jose LA NACION (NICARAGUA HOY supplement) in Spanish 21 Dec 85 p 2C

[Editorial by Fabio Gadea: "Sandinists Censor What Has Already Been Censored"]

[Text] Latin America had never before suffered a kind of regime like the one that currently misgoverns Nicaragua, including Trujillo's in the Dominican Republic, Peron's in Argentine, Ubico's in Guatemala, Martinez' in El Salvador, Perez Jimenez' in Venezuela, and Rojas Pinilla's in Colombia. The Sandinist military dictatorship even outshines the life dictatorship of Papa Doc, son of Haiti.

Costa Rican newspapers have editorialized with concern yet without surprise about "the censorship imposed on censorship." The victim is Managua's LA PRENSA newspaper. This martyr newspaper has suffered the most exaggerated mutilation of its information every day. The newspaper is not permitted to replace with pictures the material censored, nor is it allowed to publish blank spaces as was done during Somoza's dictatorship.

Consequently, the only thing that LA PRENSA could do was to photocopy the censored portions, give it to foreign correspondents visiting Nicaragua, and send it to some embassies. LA PRENSA's director Jaime Chamorro was warned today that he risks imprisonment if he persists in photocopying the censored material. This is to say that Borge's Interior Ministry (something like the "Ministry of Truth" in Orwell's book) is censoring what has already been censored.

Today, an Interior Ministry sentence hangs over the head of LA PRENSA's director. His future -- prison -- has been announced for him if he continues to photocopy the censored material.

Should he come to life again, Pedro Joaquin Chamorro would drop dead, not because of a heart attack, but because of murderous bullets, because his disposition would make him go to the middle of the streets and public squares to shout against the tyranny, which would have to eliminate him physically.

The world knows perfectly well what happens in Nicaragua. This is why a formidable reaction has occurred against those who defend this criminal regime, those who have initiated a march in support of this military dictatorship, as nefarious or worse than any other in Latin American history. These wolves in sheep's clothing no longer decieve anyone. Costa Rica's reaction has been extraordinary, unmasking the supporters of a lying peace, the peace of Perez Esquivel, Willy Brandt, and the others who traffic with so beautiful a word as peace on behalf of peace's bitterest enemies.

BARRICADA REVIEWS 1985 MILITARY ACTIONS

PA021237 Managua BARRICADA in Spanish 30 Dec 85 p 3

[Text] The year 1985, which is about to end, was rich in experience, both in armed confrontations with the mercenaries and in the diplomatic struggle, in which Nicaragua -- supported by almost all the countries in the world -- constantly countered the war-mongering policy of the government that is directly responsible for the Central American crisis: the United States.

In the second case, the mercenary aggression, the year started with little hope for Reagan's champions because January had barely begun when the Sandinist People's Army [EPS] proudly announced it had disrupted the plan called New Harvest, which had been prepared by the CIA specialists with the intention of reactivating the counter-revolutionary activities. The plan would have given a second wind to the mercenaries, who had been overwhelmingly hit by our troops during December 1984. The month's clashes produced the following results: 372 casualties, which included 298 dead. Many of the clashes took place in Las Segovias where on 30 January, the enemy sustained 80 dead in a single clash.

Meanwhile, Ronald Reagan brazenly announced to the international community that the war against Nicaragua will continue as long as the Sandinist people's revolution exists. In addition, and seeking to avoid any commitment with the peace plans, Reagan unilaterally withdrew from the talks with Nicaragua at Manzanillo; he also quickly refuted the legitimacy of all the rulings issued by the International Court of Justice at The Hague, where our government presented a lawsuit to stop the Yankee aggression. The enemy's plans to achieve a victory in the military sector were foiled again in February, when the EPS countered and defeated mercenary maneuvers in Nueva Guinea, and victorious clashes took place in Regions 5 and 6. Between 1-15 February, 200 mercenary casualties were reported during overwhelming blows that were inflicted particularly by the Battalions For Unconventional Warfare [BLI], proving the combat readiness of all the youths in the Patriotic Military Service [SMP].

In the diplomatic sector, President Daniel Ortega traveled to Uruguay for President Julio Sanguinetti's inauguration and availed himself of the occasion to meet with various Latin American presidents and political leaders. Meanwhile, Vice President Sergio Ramirez began a tour in late January and visited England, France, and Ireland. The goal of these two trips: to counter the Yankee lies with the simple Nicaraguan truth.

February was marked with feverish activity in the United States because the Reagan administration launched a propaganda campaign to obtain approval of $14 million to economically support the FDN. The Nicaraguan reply: Give more weapons to the people while U.S. troops threateningly gather in Honduras. Nicaragua maintains the initiative in a struggle for peace in the Central American region. This initiative is constantly curtailed by the United States' stubborn refusal to admit its role in the conflict and give in to the demands to stop the mercenary aggression. Part of our initiative was the announcement that there would be a partial withdrawal of Cuban military advisers as a gesture of good will toward our neighbors, and aimed at opening the door for specific negotiations to achieve peace.

The talks with Brooklyn Rivera continued in the month of March, with the intention of reaching a peace agreement with Misurasata [Miskito, Sumu, Rama, Sandinist Unity] even though the United States was constantly exerting pressure to disrupt the talks.

In the diplomatic-economic sector, the Yankee pressures proved successful with the IBD because the organization arbitrarily decided to cancel a $58 million loan for Nicaragua, which was destined to carry out plans in the agrarian and livestock sectors; this marked another step in the boycott against our country.

The tone of the anti-Nicaraguan hysteria among Reagan, his advisers, and other officials increased even more. The U.S. President threatened with nothing less than evicting us from the OAS; he forgot that the organization is mostly comprised of Latin American countries which do not approve of his aggressive policy for Central America.

The "Big Pine III" maneuvers in Honduras traditionally coincide with the "Universal Trek" maneuvers, which involved the participation of more than 4,000 U.S. soldiers who, according to their commanders, "must familiarize themselves with Central America" and carry out landings in a country whose topography is an exact copy of the Nicaraguan coasts. The "Big Pine III" maneuvers involved the participation of 11,000 U.S. soldiers -- the largest number of troops mobilized by the United States in the region since the Grenada invasion.

In the military sector, the mercenaries continued without achieving even one victory in the battlefield, while their tactics aimed at taking over an important town continued to suffer defeat after defeat. One hundred twenty-eight mercenaries were killed during the last week of March.

April can be described as a hot month concerning clashes. On 1 April, for example, the EPS inflicted 91 casualties on an FDN task force; 7 [as published] days later, on 9 April, 150 mercenary casualties were reported during a clash at the place known as El Rosario. One Yankee mercenary was killed during a clash in the Sixth Region. The EPS announced it had annihilated 114 mercenaries during 15 days of actions, while the latter kidnapped, wounded, or assassinated 102 civilians and continued their criminal actions against our people. A CIA regional commando was annihilated and most of its 97 members were killed. During the last week of April, 131 casualties were inflicted on the enemy. The number of clashes in April suggested a desperate attempt by the CIA men, who tried to support with actions the propaganda carried out in the United States to present them as a political alternative and attain the approval of millions [currency not specified] for the counterrevolution.

A small CIA airplane was shot down by our men in Nueva Guinea, while the government announced a plan aimed at achieving peace in the Atlantic Coast of the country through an understanding with the ethnic minorities that live in the coastal area, which would respect their historical rights.

In the diplomatic sector, the most important event of the month was President Ortega's trip to the Soviet Union and other countries of the socialist bloc. This consolidated even further the bonds of fraternity and cooperation between those nations and our Nicaragua, which is withstanding an aggression. The Soviet Union's support was clear while Reagan threatened us from Washington with a commercial embargo if we did not come to our knees.

May began under the sign of aggression, this time in the economic sector, when Reagan announced at the beginning of the month a complete economic embargo by the United States against Nicaragua.

Thus, we started an overall international battle in which Nicaragua obtained a victory because the whole world refused to participate in the Yankee aggression. President Ortega toured the socialist countries and the Soviet Union. Meanwhile, in the internal sector, there was a vigorous mobilization of the masses rejecting the embargo and defending their own lives; our people announced their unbreakable decision to defeat U.S. imperialism or die in the struggle.

President Ortega likewise visited France, Spain, Finland, and Sweden, denouncing Reagan's aggressive policy against our small country. He received clear proof of solidarity and support for our struggle in all those countries.

In the military sector, the EPS announced that it had annihilated 251 Somozists in 13 days of consecutive clashes with the mercenaries; in addition, the EPS destroyed one of the mercenaries' strategic camps, where they had built complicated engineering works. Nevertheless, the mercenaries proved ineffectual in stopping the onslaught of Sandino's cubs. Nicaragua proposed to Honduras a dialogue between the two countries' military leaders; the Hondurans replied with silence.

Complementing the president's trip, Vice President Sergio Ramirez visited the FRG, Austria, Netherlands, and Belgium with our peace message.

A task force was annihilated and sustained 50 casualties, while the FSLN National Directorate denounced a terrorist plan aimed at attacking embassies. A BLI discovered a mercenary common grave with 62 corpses in it. Commander of the Revolution Tomas Borge denounced the CIA's Black Eagle Plan to prevent the Miskito Indians' return from Honduras.

On 8 June, an offensive was launched in the south to evict the traitor's [not further identified] mercenaries. The operation concluded on 8 June and the whole region was cleaned out. The revolution's red and black flag waved throughout the south. The southern border's demilitarization was sought, but the pirate attacks continued from Costa Rican territory. Three helicopters launched an attack from Honduras in an open violation of Nicaraguan airspace. The elimination of 60 contras was reported in the south.

Commander of the Revolution Humberto Ortega denounced a plan to provoke border incidents that would give the United States an excuse to intervene in Nicaragua. The following was the tragic toll of Reagan's war: 10,800 orphans throughout the country. The U.S. Senate approved Yankee aid for the mercenaries. A plan to attack our embassy in Costa Rica was reported. Operation Sovereignty was carried out in the southern part of our country and three mercenary camps were destroyed. Reagan said: If the aid is not approved I will send troops. Also in June, Nicaragua withdrew the unilateral measures adopted early this year to achieve a peaceful solution to regional problems.

A landing strip was seized by the EPS in the south. The Socialist International rejected an intervention in Nicaragua. A general alert took place, given the secret deployment of the U.S. naval fleet. Managua awoke with armored tanks in the streets as a symbol of the people's power. The EPS inflicted 200 mercenary casualties during a 30-day offensive; 70,000 militia members marched and prepared for the defense.

In July, the CIA's men clashed with the people's defense in San Pedro de Lovago. The community's child heroes performed in exemplary fashion. This was the month of the sixth anniversary. Managua struggled to get ready.

Another ARDE camp fell to the people's armed power. Sergio Ramirez toured South America to obtain support for peace in Central America. THE MIAMI HERALD admitted that there was "serious danger of an invasion in Nicaragua." Reagan continued to threaten Nicaragua. Ninety-four mercenaries turned themselves in. Nicaragua rejected an offensive Yankee note, responding: We will neither sell out nor surrender. Honduran guards trespassed Nicaraguan territory, abducting 42 Miskitos. There was an offensive against FDN bands in the north.

The month of August began with the annihilation of 50 counterrevolutionaries. There was an attack on La Trinidad, where the people's fighters repelled a force that was superior in numbers and weaponry. The mercenaries were pursued and they sustained many casualties. The occupation of Sarapiqui by EPS troops marked the fall of ARDE's last stronghold in southern Nicaragua. A mercenary plan against Esteli was thwarted. The Somozists fled from the EPS' running fire. The mercenaries also sustained blows in Chontales and Rio San Juan. The CIA's "Resurgence-85" operation was frustrated by the Sandinist actions, which broke the mercenaries' strategic spearhead.

After their defeat in the south, the traitor's mercenaries routinely attacked Nicaraguan positions from bases in Costa Rica. Nicaragua continued its international drive to obtain peace with dignity in the region. Costa Rica, Honduras, and naturally, the United States, did all they could to prevent the success of those efforts.

An average of one counterrevolutionary turned himself in every 3 days in the month of September, evidencing the low combat morale that pervaded the mercenary ranks. A total of 115 counterrevolutionaries were killed in 1 week before 13 September. President Ortega protested attacks from Honduras and a terrorist plot against our embassy in that country.

On 16 September the failure of the CIA's "September Plan" was announced. A proposal for joint border surveillance was presented to Honduras. However, [Honduran President Roberto] Suazo Cordova did not respond to the proposal. There was a new provocation: 400 Yankee soldiers and 2,500 Honduran troops began maneuvers near the border. The $27 million approved for the contras began to be distributed. The counterrevolutionaries sustained 87 casualties.

On 1 October mercenaries were dislodged from a camp in northern Nicaragua. A force of 2,500 terrorists threatened to invade from Honduras. The EPS staged an offensive in Northern Zelaya, while the enemy sustained 105 dead in the mining part of the country. [Nicaraguan Deputy Foreign Minister Victor] Tinoco went to Panama, where he said: The decision of the United States is all that is needed to stop the war. Nicaragua wants peace. The attacks from Costa Rican territory continued, while the EPS conducted a heavy offensive in all the areas of hostilities to frustrate the enemy's plans.

The victorious armed thrust against the enemy forced it to retreat and station most of its forces in Honduras and Costa Rica. The Yankees sent them back into Nicaragua in an attempt to gain territory. A state of emergency was decreed to control the internal enemy. The president went to Mexico and the United States, where he defended Nicaragua's position on peace at the United Nations. A Yankee frigate called at port in Honduras. Daniel announced that Nicaragua would procure all the defensive means it needed.

In November Reagan ratified the economic aggression, while the Pentagon was forced to admit that the mercenaries had sustained serious blows. Nicaragua set forth its position on the new Contadora document, discredited by the ploys by the United States and its pals. The EPS dispersed a group of 800 mercenaries charged with staging acts of sabotage against economic targets, particularly with the obstruction of the coffee harvest. The mercenaries sustained a sharp blow in Santo Domingo, where the people in arms scored another victory. [Foreign Minister Miguel] D'Escoto travelled to India, where heobtained support from that country's government and the Nonaligned Movement.

An outstanding development took place in December: It was confirmed that the United States had supplied SAM-7 surface-to-air missiles tothe mercenaries. One of these was used to down a helicopter. Fourteen people were killed in that action. There was an escalation of Yankee terrorism in the region. Nicaragua announced it would defend itself with whatever means are necessary. The United Nations condemned the Yankee blockade against Nicaragua. The enemy sustained 36 casualites in 5 days of clashes in the north. Nicaragua requested a meeting of the UN Security Council. The Contadora Group suspended its deliberations until June. Nicaragua stated that the United States is ready to invade. The United Nations expressed support for Nicaragua. Reagan and Shultz openly threatened a direct U.S. troop intervention. European parliamentarians condemned the supply of missiles to the counterrevolutionaries.

In summarizing the year's actions,the revolutionary government wishes to emphasize that our troops held the upper hand in the military conflict, inflicting effective defeats on the mercenaries, who were unable to fulfill any of their plans. It was a year marked by continual offensives, the mobilization of allsegments of society, and the commitment of all economic efforts to the war fronts. It was also the year of the consolidation of the Patriotic Military Service as the spearhead of the country's defense. It was a year of victories against the enemy in the military and political realms. After 365 days Reagan was unable to isolate us, a factor that he believes is an essential prerequisite to a full-scale invasion. Concluding, 1985 was a year during which the Nicaraguan people expressed in word and deed the slogan: Free fatherland or death!

FDN Issues Report

PA030237 Panama City ACAN in Spanish 1858 GMT 1 Jan 86

[Article by Armando Cerrato]

[Text] Tegucigalpa, 1 Jan (ACAN-EFE) -- The rebel Nicaraguan Democratic Force (FDN) said today that last year it inflicted 9,656 casualties, including dead and wounded, on the Sandinist Army. War statistics read today in an end-of-the year summary over clandestine Radio "15 September" report that there were 5,677 Sandinist soldiers killed and 3,979 wounded between 1 January and 31 December 1985.

The rebel force's statistics also state that 1,277 clashes took place in the Departments of Jinotega, Zelaya, Nueva Segovia, Chontales, Matagalpa, Rio San Juan, Esteli, Madriz, Chinandega, Leon, and Boaco.

The FDN states that it has destroyed 56 barracks and military posts, damaged or completely destroyed 14 bridges, and caused serious damage to an electric plant in a place called "El Cacao" in Jinotega.

Most of the destroyed bridges are located in Jinotega, Matagalpa, Nueva Segovia and Esteli, where the commandos occupied important stretches of roads for several hours.

The anti-Sandinists also said that they were able to shoot down three U.S. made "push and pull" planes and 11 helicopters, 10 of which were "Mi-8" and one was an "Mi-24," all Soviet-made.

Likewise, they sank six boats (canoes) which the Sandinists had set up for the transportation of troops in various large rivers in Zelaya. Radio "15 September" reported that 89 trucks for the transportation of troops were destroyed and 312 ambushes were carried out on other types of vehicles, mostly jeeps used by state security.

Among the destroyed war materiel, which the anti-Sandinists considered important, were eight field artillery guns, five 120-mm guns, two 105-mm and one 82-mm guns. The war report indicated that they killed 168 Sandinists officers and 16 internationalists, including 8 Cubans, 3 Chileans, 4 Salvadorans, and 1 Venezuelan. It also reports that 414 Sandinists, including medium-ranking officers, joined the rebel ranks.

The anti-Sandinists said they had recovered four Soviet made SAM-7 rockets and their launchers, and 2,669 AK-47 automatic Soviet rifles and 1,568,874 rounds for those weapons. They also recovered 100 antipersonnel mines, 1,577,500 cordovas (Nicaraguan currency exchanged at 28.00 per dollar) in cash, and medicine worth 900,000 cordovas.

The war report mentions hundreds of thousands of recovered war materiel items including boots, medicine, waterproof ponchos, hammocks, uniforms, different types of ammunition, and military frequency radios.

The anti-Sandinists said that the most active month of their fight against the Managua regime was May, in which they recorded 165 clashes, controlling several villages for more than 4 hours. They also emphasized their most important military achievement, which was "the establishment of a central military axis, which goes from the San Juan River to 11 other departments making up 75 per cent of the Nicaraguan territory." The anti-Sandinists warn, "we will soon arm 25,000 men and then the real fighting will begin with the liberation of territory and urban centers."

REAGAN TO 'PRESSURE' MEXICO ON C. AMERICA STANCE

FL021614 Havana Radio Reloj Network in Spanish 1524 GMT 2 Jan 86

[Text] The United States will take advantage of Mexico's economic problems to pressure Mexico to change its position on Central America. Ronald Reagan will meet tomorrow in Mexicali with Mexican President Miguel de la Madrid, and the Central American conflicts will come to light even though they are not the primary topic of the meeting. Even though there is no agenda for the 4-hour meeting in the Baja California city, economic topics are expected to predominate especially the Mexican foreign debt.

(Florence Burns), director of hemispheric affairs, told the press that it would be a tremendous error on the Reagan administration's part to pressure Mexico into radically changing its position on Central America in another attempt to liquidate the Contadora Group.

1985 TRADE WITH USSR TOTALS 7.4 BILLION RUBLES

FL022226 Havana Radio Reloj Network in Spanish 2152 GMT 2 Jan 86

[Text] The Soviet magazine EKONOMICHESKAYA GAZETA has said the volume of trade between the Soviet Union and Cuba reached 7.4 billion rubles in 1985. According to that publication, the USSR guaranteed Cuba the purchase of its main product, sugar, as well as other export items at preferential prices while Cuba received various types of Soviet equipment and raw materials. During 1985, more than 240 works were built modernized with Soviet aid and technology, said EKONOMICHESKAYA GAZETA. The magazine also says that the economic and scientific-technical cooperation program between the USSR and Cuba through the year 2000 assures assistance to the agro-industrial, combustible energy, electronic, metallurgical, and medicinal areas.

PERUVIAN PRIME MINISTER HOLDS PRESS CONFERENCE

FL030022 Havana Radio Rebelde Network in Spanish 0000 GMT 3 Jan 86

[Text] Dr Luis Alva Castro, prime minister of the Republic of Peru, held a press conference here in Havana before ending his visit to Cuba. During the press conference he described the relations between Cuba and Peru.

[Begin Alva recording] Our governments share the greatest goodwill. This is so true that the new government did not wait long to begin relations at the ambassadorial level. We have already accredited our ambassador and the Cuban Government has announced it will do the same in the next few days. So we are thinking towards the future and the relations we must strengthen. [end recording]

1985 ECONOMIC DATA REVIEWED; SHORTFALLS NOTED

FL021930 Havana Radio Rebelde in Spanish 1800 GMT 2 Jan 86

[Station commentary]

[Text] Today, 2 January, begins a new year, the first in the 5-year program, and even though certain data are not precisely known on the economic, social results for 1985, some indicators are known that permit a preliminary balance sheet to be drawn up.

In 1985, Cuba fulfilled its sugar goals by processing 8 million tons and exceeding it by 20 million tons [as heard]. Nevertheless, the goals proposed for refined white sugar were not fulfilled.

Investments valued at 4.1 billion pesos were made for a 94 percent plan fulfillment, 10 percent higher [break in transmission] 1/4 million tons of oil less than the previous year. Nevertheless, the global social product grew 0.48 percent, which demonstrates an efficient use of energy resources and which becomes more significant when we add that 70,000 new residential users received electrical service.

The index of doctors per resident improved and is now 1 for every 445, even though the the infant mortality rate rose slightly to 16.6 percent for every 1,000 live births.

Exports grew almost 10 percent compared to 1984 and sales commitments to socialist countries were 99 percent fulfilled. In 1985 [as heard] we need 9 months to produce the equivalent of what was achieved in 1980. During the past year, the highest steel production was achieved, exceeding 400,000 tons, 1/4 of which was exported.

Some agricultural goals were not met in plantains, beans, and rice. First of all the drought, then Hurricane Kate influenced these results. Seventy percent of the GNP was achieved by production increases. In contrast to the rest of Latin America's GNP, which barely grew 2.8 percent, Cuba's growth is almost 5 percent. While governments reduce spending on services, Cuba substantially improved health and education indexes.

What Cuba achieved, despite the blockade and underdevelopment in 1985, is a sample of what socialism is capable of accomplishing.

CENTRAL BANK 'SWINDLE' SHAKES STROESSNER REGIME

PA301319 Havana International Service in Spanish 0000 GMT 30 Dec 85

["Our America" commentary]

[Text] A tremendous financial scandal has shaken the foundations of the Alfredo Stroessner regime. He has stayed in power for the past 30 years through terror and electoral fraud. Dozens of people, including important members of this Paraguayan tyranny, have swindled Paraguay's Central Bank. Some analysts have estimated the swindle to involve between $100 and $400 million, although other sources have asserted that the figure could be twice that much.

It is remarkable that information about the swindle has escaped Stroessner's control and been widely disseminated. The disbursement in Paraguay involves high-ranking military leaders and members of the ruling Colorado Party. Fifty trials have been initiated in a swindle involving a number of banks, and there appeared to be several phantom enterprises posing as importers. The corruption has already debased thousands of people, including Cesar Romeo, Central Bank manager, member of the Council of State, and close friend of dictator Stroessner. No one doubts that the septuagenarian dictator was well aware of the swindle plot because it is well known that he is not detached from the country's big businesses.

Paraguay is a big fiefdom under Stroessner and his proteges' boots, and for many years the country has been a refugee for war criminals, an important country for international drug traffickers, and compulsory stopover for smugglers. All kinds of articles are traded here illegally, including automobiles, cigarettes, alcoholic beverages, jewelry, home appliances, and even wild animals, which bring hefty prices from eccentric European millionaires.

Smuggling has reached such high levels that the cash involved there is greater than that involved in the country's regular economy.

Paraguay's justice is also corrupted by vice and drug traffickers bribing magistrates. For this reason, they seldom go to prison for their crimes. Paraguayan rivers are used to carry illegal products in order to avoid the undesirable presence of competitors, since it is unnecessary to avoid the authorities because the most important officials are involved in this shady business.

This big swindle against the Central Bank could be associated with the drug traffickers' moves to launder the money from this traffic. The swindle discovered in Paraguay has revealed internal struggles among those closest to Stroessner, who try to ensure sufficient power and money for themselves with an eye to living well if the septuagenarian general dies or has to leave office for health reasons.

$48-MILLION DEBT WITH JAPAN RENEGOTIATED

FL011645 Santo Domingo LISTIN DIARIO in Spanish 21 Dec 85 pp 1, 12

[By Tulio Navarrete]

[Excerpts] Yesterday the Dominican Republic renegotiated with Japan its trade and financial debt amounting to over $48 million. This will allow payments to be deferred until 1991.

The financial debet corresponds to due payments between 1 January of this year and 1 April of 1986 and arrears due since 31 December of 1984. The financial debt amounts to $47.9 million and the trade debt $78,691.58. Both were incurred by the Dominican Government with the overseas economic cooperation fund.

The debt's payment program allows payments of 90 percent of the debt in 5 years, beginning in 1991. The remaining 10 percent will be paid in annual quotas of 215 percent from 30 June 1986 until 30 June 1989.

Regarding the arrears, they will be paid in four 6-month quotas beginning 31 December. The remaining 25 percent will be paid in two quotas. The first one, which will include 13.5 percent of the total, would be due next 31 December and the second one on the same date next year.

Interest rates will be 4.75 percent beginning with the original due dates of the respective payments. Interest rates over the rescheduled trade debt applicable to the original due date of payments will be 8.6 percent annually.

FRG AMBASSADOR ANNOUNCES 70-MILLION PESO LOAN

FL312146 Santo Domingo LISTIN DIARIO in Spanish 24 Dec 85 pp 1, 12

[By Tulio Navarrete]

[Excerpt] FRG Ambassador Ulrich Schoning said yesterday that the FRG will present the Dominican Republic with 70 million pesos in 1986 for new programs, including rehabilitation of State Sugar Council (CEA) machinery and strengthening the Dominican Electric Corporation (CDE).

The diplomat said the loans will be for 20 years with a 5-year grace period.

He said that the FRG Government has designated 10 million francs [as published] (approximately 11 million pesos) from that loan for the purchase of spare parts and replacement equipment for the CEA, "above all for machinery in the Porvenir plant," which is located in San Pedro de Marcoris Province. According to Schoning, the CDE loan is for RD$21 million, which totals 66 million German marks (approximately 70 million pesos). The ambassador said the interest rate will be 4.5 percent.

Schoning was interviewed shortly before signing an agreement exceeding RD$2 million to finance a study for remodeling the old Los Minas.

BAHAMAS

PRIME MINISTER DELIVERS NEW YEAR'S MESSAGE

FL021845 Nassau Domestic Service in English 1300 GMT 2 Jan 86

[Text] Prime Minister Pindling took to the airwaves yesterday with a New Year's Day message. The prime minister is saying that 1985 is showing signs of much progress, and he talked about the success of the royal visit and the Commonwealth heads of government meeting held here. Prime Minister revealing that revenue for 1985 was up over the 1984 figures. Sir Linden says that 1986 is going to be another year of opportunity and progress.

GOVERNMENT DENIES RESPONSIBILITY FOR HAITIANS

FL021530 Bonaire Trans World Radio in English 1130 GMT 2 Jan 86

[Text] Bahamian officials have refused to take responsibility for a group of 51 Haitians who have been stranded on a small ocean key since Christmas Day. The Haitians, reportedly traveling aboard an overcrowded 21-foot wood boat, were shipwrecked on Macarona Ocean Beach, one of the more than 2,000 ocean keys stretching in an arch of 386 miles in the Bahamas.

THE NASSAU GUARDIAN newspaper quotes unidentified officials who said the government of Prime Minister Sir Lynden Pindling has refused to take responsibility for the illegal immigrants. Earlier this year, the Bahamas launched a crackdown against an estimated 40,000 Haitian immigrants living illegally in the 700 island archipelago.

ST CHRISTOPHER AND NEVIS

SIMMONDS ANNOUNCES AMBASSADOR APPOINTMENTS

FL021550 Bridgetown CANA in English 1513 GMT 2 Jan 86

[Text] Basseterre, St Kitts, Jan 2, CANA -- The Prime Minister of St Kitts and Nevis, Dr Kennedy Simmonds, has called for a greater level of productivity during 1986. In his New Year's message, Simmonds said the country's main priority in 1986 can be summed up in two words, greater productivity. As an independent growing nation, we must set ourselves the task of being more productive and of making better use of our time and our energies in the new year, the prime minister said. He said, this could only be achieved by the pooling of all the country's resources toward one objective -- that of providing a better quality of life.

Simmonds said as part of the country's effort to feed itself, more yams, onions and white potatoes will be grown in 1986 as a result of successful experiments last year. He added that he was also cautiously optimistic about the commercial production of rice here, following the recent breakthrough in the successful experimentation of a strain of rice, found to be suitable for this country's climate and soil. Simmonds also disclosed that his government was finalising details with banks here concerning tax relief measures which will enable more nationals to build their own homes.

The prime minister also announced three new foreign service appointments. He said that Ambassador at Large Dr William Herbert would be expanding his portfolio to include Japan, with whom St Kitts and Nevis established diplomatic relations late last year. The prime minister's Press and Public Relations Secretary Terrance Byron, was named as ambassador to South Korea and Taiwan, while the country's High Commissioner to London, Dr Claudius Thomas, will also serve as ambassador to West Germany.

HOYTE ADDRESS WARNS AGAINST FOREIGN 'MEDDLING'

FL021840 Bridgetown CANA in English 1805 GMT 2 Jan 86

[Text] Georgetown, Guyana, Jan 2, CANA -- Guyana's private sector will have a bigger role in the country's largely state-controlled economy this year, according to President Desmond Hoyte. Hoyte did not say how large that role will be when he made his New Year's address to the nation, but he indicated the greater private sector involvement was part of plans to reorganise the troubled economy. Hoyte indicated the government would give priority to introducing appropriate structures and policies necessary to stimulate investment, production, and efficiency.

An estimated 80 per cent of the Guyana economy -- including the vital sugar and bauxite industries -- is controlled by the state. An important aspect of policy will be the active encouragement of individual and community initiative in the economic sector, said Hoyte.

In the work of strengthening our economy, the government will be taking action to improve performance in the areas of transport, water, and electricity. Hoyte warned that the government will act decisively whenever there is a threat to destroy the economy. While the democracy which informs our political arrangements must accommodate vigorous dissent and a plurality of opinion, he asserted, it does not give licence to the disgruntled to seek deliberately and cynically to damage or destroy the country's economy.

It will be the faithful duty of the government to act decisively at all times to prevent any such irresponsible action and it is a duty that the present government will take most seriously. The president added: By all means, let our political life be lively, vigorous, and robust -- but let it not be destructive. The president urged citizens to regard 1986 as the year of standing up for Guyana. . . . let us resolve that in 1986 we will be standing up for Guyana, he said. Too many foreigners have tended to believe that our country is fair game for unwarranted attacks, ill-informed criticism, and presumptuous meddling in our domestic affairs. Let us serve unequivocal notice on them that we will no longer tolerate their wanton assaults on us. Let them know that we will respond promptly and adequately, that we will be standing up for Guyana.

The Guyana leader said the country would continue its policy of non-alignment and non-interference in the domestic affairs of other states.

CHILE

PINOCHET REPORTEDLY TO 'STEP DOWN' IN 1989

AU021742 Paris AFP in English 1737 GMT 2 Jan 86

[Text] Bonn, Jan 2 (AFP) -- Chilean head of state Augusto Pinochet will step down in 1989, he said in an interview published in today's issue of the daily DIE WELT. "The constitution," he was quoted as saying, "provides for an eight-year presidential mandate. It runs from 1981 to 1989."

Referring to recent statements that seemed to imply he would not step down in 1989, General Pinochet said: "I meant that the institutions and basic principles that are the fruit of the work of those years will last beyond 1989."

On human rights, he said Chile is discriminated against by international organizations.

YOUTH SECRETARIAT OFFICE IN VALPARAISO BOMBED

PY030255 Madrid EFE in Spanish 0244 GMT 3 Jan 1986

[Text] Valparaiso, 2 Jan (EFE) -- A bomb exploded at the National Youth Secretariat headquarters in Valparaiso today. According to the police, the bomb exploded at 2230 (0130 GMT, Friday) and destroyed the building's main door. There were no victims. The same building, located in the downtown sector of this Chilean port, also houses the provincial transit education committee.

The National Youth Secretariat is an organization created by the military regime to indoctrinate and organize youth and to sponsor actions in support of the principles and works of the government of General Augusto Pinochet.

SURINAME

BOUTERSE SAYS NETHERLANDS OBSTRUCTS RELATIONS

FL011528 Hilversum International Service in English 1030 GMT 1 Jan 86

[Text] The chief of state in Suriname says his country is open to the resumption of good relations with the Netherlands but says the Dutch government should avoid even the appearance of interfering in the internal affairs of its former colony. In a New Year's address, Lieutenant Colonel Desi Bouterse also said that by withholding development aid for Suriname, the Netherlands is only worsening the financial position of the country and creating an obstacle to the normalization of relations. The minister leader said he hoped the Dutch government would adopt a policy towards Suriname consistent with the policy towards other countries to which it extends development aid.